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FINANCIAL MANAGEMENT MANUAL

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U.S. POSTAL SERVICE
Washington, DC 20260

Financial Management Manual (FMM) — **Issue 3, May 1, 1981**

A. FILING INSTRUCTIONS

File this cover memo in front of Issue 2 and make the following changes.

Remove:	Insert:
Contents (ov thru 811.2) ..... 3 sheets	Contents (ov thru p. 5) ..... 4 sheets Index ..... 3 sheets (at back of FMM)

B. EXPLANATION

Issue 3 provides a key-word reference index after the FMM Appendixes.

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Charles K. Kernan

Charles K. Kernan
Executive Assistant for
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U.S. POSTAL SERVICE
Washington, DC 20260

A. PURPOSE

The Financial Management Manual (FMM) states the financial policies of the U.S. Postal Service. Topics include General Accounting, Post Office Accounting, Payroll Accounting, Asset Control Accounting, Accounts Payable – Domestic Settlements, Accounts Payable – International Settlements, Accounts Receivable, and Planning, Budgeting and Control of Funds. This manual provides postal managers with an overview of USPS financial activities. It is not intended to describe specific accounting and budgeting procedures. Detailed procedures are described in other U.S. Postal Service publications and handbooks listed in Appendix II.

B. DISTRIBUTION

The distribution of this manual is restricted to the facilities listed below:

Facility	Quantity	Facility	Quantity
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Automatic Data Processing Centers (ADPC's)	4	Personnel Services Centers	6
Bulk Mail Centers	4	Postal Employee Development Centers (PEDCs)	1
Districts	4	Postal Services Centers	1
Inspectors in Charge	varies	PST & DI	
Mail Equipment Shops	1	Bethesda	98
Management Sectional Centers	4	East Coast Field Center	12
Maintenance Capable Offices	1	Midwest Field Center	12
Maintenance Technical Support Center	3	Southern Field Center	14
Mailbag Repair Centers and Depositories	1	West Coast Field Center	12
Mechanization Overhaul Centers	1	Oklahoma (Technical Center)	12
Money Order Division	1	Regional Administration Branches	*
Post Offices (CAG A)	10	Regional Chief Inspector	varies
Post Offices (CAG B)	6	Stamped Envelope Agency	1
Postal Data Centers (PDCs)	6	Transportation Management Offices	1
		Vehicle Maintenance Facilities	1
		Field Real Estate & Bldg Offices	1

* Each regional administration branch receives enough copies to redistribute 1 copy to each manager at and above the division level.

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416-1	Financial Reporting and Controls – USPS and CSC Examining Functions (707-FIN-134)
442-2	Recording of Salary Cost for Training (675-FIN-125)
442.2-2	Report on Prior Year Employment of Christmas Assistants (470-FIN-87)
422.1	Waiver of Claims for Erroneous Payment of Pay (672-FIN-122)

G. COMMENTS

Efforts were made to make this manual well organized and easy to understand. Direct any comments through management channels to:

U.S. Postal Service Headquarters
General Manager
Directives and Forms Division
Attention: FMM
Washington, DC 20260

P. J. Skelly
Director
Office of Management Services

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☆ U.S. GOVERNMENT PRINTING OFFICE: 1981— 341-483:1002

Chapter 1
General Policy Statements

110 Policy

111 Requirements

The USPS financial policies, programs, and plans comply with

a. The Office of Management and Budget (OMB).
b. The USPS Board of Govenors.
c. The established USPS management goals.

112 Objectives

The principal objectives of USPS financial policy are to:

a. Maintain USPS integrity and objectivity in financial statements and routines.
b. Safeguard and account for USPS assets.
c. Standardize financial processing procedures.
d. Control and monitor financial operations at a central accounting location.
e. Improve management of financial components in a professional, cost-effective manner.
f. Promote improved operation planning and budget techniques.

120 Responsibility

The Finance Department establishes USPS financial policy under the direction of the Senior Assistant Postmaster General (SAPMG), Finance Group. Finance management provides technical guidance to postal personnel. Guidance is (a) administered by Headquarters financial components, postal data centers (PDCs) under the direction of Management Informations Systems Department (MISD), and Regional Directors of Finance; and (b) coordinated as necessary with the Inspection Service.

130 Priorities

When setting priorities to develop and review financial policies and systems, managers must consider each project in terms of:

a. Legal requirements from:
(*1*) Court orders.
(*2*) Legislative Branch changes.
(*3*) Postal rate cases.
(*4*) Office of Management and Budget directives.
(*5*) National agreements with employee bargaining unions.
(*6*) Treaties of international postal organizations and other postal agreements when USPS is a signatory.
b. Management directives from:
(*1*) Board of Governors
(*2*) Postmaster General
(*3*) Executive Committee
(*4*) Capital Investment Committee
c. Basic operating requirements (such as accounting period financial reports), improved financial management, and rate of return on project investment.
d. Impact on customer services; accommodation to other government agencies; and support to other USPS components.
e. Fulfilling commitments for previously invested resources.

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Chapter 2
General Accounting

210 Policy

211 General

The USPS general accounting policy (a) develops a sound and practical system with maximum effectiveness and minimum cost, and (b) assures that it remains useful to management by reviewing the system when significant changes occur in organization, program emphasis, legislation, or equipment technology.

212 Objectives

212.1 Provide management with financial data to plan, measure, evaluate, and control efficient operations.

212.2 Control funds and other assets to ensure that the commitment and expenditure of funds, and the use and disposal of property comply with legal and administrative regulations. Ensure USPS resources are put to best use.

212.3 Meet requirements imposed on USPS by law and government regulations.

212.4 Report on USPS financial actions to specific government agencies, Congress, and the public.

212.5 Maintain general ledger accounts in terms of responsible organization level.

213 Requirements and Authority

213.1 Legal Requirements

The USPS system of accounting control requirements are stated in 39 USC 401 and 2008.

213.2 Reorganization Conditions

.21 Background. The USPS began operations on July 1, 1971, complying with the Postal Reorganization Act. Initial capital was the U.S. Government equity in the former Post Office Department (POD). Assets were carried at original cost less depreciation. Liabilities attributed to POD operations remained the government's responsibility, except for unspent appropriations for related liabilities pertaining to POD.

.22 Property and Equipment. Minor equipment items with a net book value of approximately $116 million on July 1, 1971, do not lend themselves to standard property control procedures (mailbags, locks, etc.). The USPS did not depreciate this initial carrying value, and expensed succeeding acquisitions. All other property and equipment are capitalized at cost, including renewals and replacements when capacity, operating efficiency, or useful life of the asset is significantly extended. Repair and maintenance costs are expensed as incurred.

.23 Workers Compensation. Under the Reorganization Act, worker compensation payments are made by the Department of Labor after June 30, 1971, for injuries on or before that date, remain the responsibility of the government and are funded by appropriations.

.24 Revenue. Estimated prepaid postage in the hands of the public represents the estimated revenue collected and deferred before the end of the fiscal year when services will be rendered.

220 Responsibilities

221 General

Although financial policy is established by the PMG or designee, the general accounting system is developed, implemented, executed, monitored, and administered by Headquarters Finance Group, Four PDCs, Five regional offices, and individual post offices.

222 Headquarters

222.1 Postmaster General (PMG). The PMG ensures a general accounting system is developed, implemented, and adminstered that:

a. Sets accounting procedures and internal controls, including internal audit and accountability of USPS funds, property, and other assets.

b. Gathers financial information required for management decisions.

c. Discloses financial results of postal operations.

222.2 Officers and Management. USPS officials exhibit accounts in the certified format prescribed by the PMG.

222.3 Finance Group. Finance management provides technical guidance on accounting policies and procedures to USPS personnel through manuals, handbooks, and other directives.

223 U.S. Comptroller General

The Comptroller General periodically audits specific USPS accounts and reports results to Congress.

224 USPS Board of Governors

The Board obtains an annual audit, by an independent public accounting firm, of USPS financial statements and other data used to determine postal rates.

225 Postal Data Centers (PDCs)

The General accounting system is maintained by the PDCs, including central reciprocal control accounts, on a decentralized basis as directed by the Finance Group. Operating transactions are recorded in PDC accounts serving the regions. The New York PDC also serves Headquarters. Principal accounting duties are to:

a. Record, reconcile and verify postmaster accounts.

b. Process and disburse payrolls and other payables.

c. Reporting and control international accounting transactions, both payable and receivable.

d. Maintain and control accounts receivable, including penalty mail revenue.

e. Maintain and control all realty and personal property.

f. Prepare and submit financial reports to regions and Headquarters.

226 Regional Offices

Regional Directors of Finance are responsible for all financial matters within the regions (under administrative direction of the RPMG, and technical direction of the SAPMG, Finance Group). This includes liaison with assigned PDCs, compliance with accounting policies, and technical guidance to local post offices.

227 Post Offices

Postmasters account for cash transactions and submit statements of accountability to a designated support PDC. Post offices of sufficient size and accounting complexity have finance offices that record and report for the postmasters.

230 Accounting Basis

231 General Ledgers

The USPS general accounting system has one integrated set of general ledger accounts that satisfies requirements of both accrual and commitment accounting. General ledgers (a) are maintained on an accrual basis at locations designated by the APMG, Finance Department; (b) conform with accounting policies, manual of accounts, procedures, and standards; and (c) constitute the basic USPS accounting and financial control records. USPS equity is recorded in the consolidated general ledger that combines reciprocal control accounts with field ledgers. National finance and budget statements consolidate the trial balance statements from these ledgers.

232 Classification of Accounts

The General Classification of Accounts System incorporates finance, property, and budget accounts in one integrated system. Cost systems are integrated or reconciled. Accounts are classified into general categories according to Handbook F-8, *General Classification of Accounts.*

233 Categories

233.1 Balance Sheets

.11 Cash Items. Cash, cash items, investments, receivables and advances. Subaccounts (underlying detail accounts) identify the nature and location of these assets.

.12 Physical Assets. Equipment, fixed property (including related accumulated depreciation or amortization), sites held for resale to lessors, and inventories of materials and supplies. Fixed assets, inventory control, and underlying detail accounts are supported by monetary property record cards. Transactions during the year are classified as additions, withdrawals, transfers, depreciation and amortization, retirements, salvage, and prior year adjustments.

.13 Funded Liabilities. Amounts payable or accrued for property and services received and financed by funds currently available for commitment or expenditure, funds held for others, and revenue received—but unearned—and deferred to future periods.

.14 Unfunded Liabilities. Retirement benefits attributable to pay increases, employees accrued annual leave earned—but not taken—on July 1, 1971, workers' compensation claims for injuries before that date, and other immaterial items.

.15 Government Equity. Separate accounts are maintained for classes of equity in postal resources. Equity in uncommitted postal funds, including unused and current commitment authority for Fiscal Year 1970 and before, is available for USPS use. Other equity in the USPS represents the investment in assets less unfunded liabilities.

.16 All other assets.

233.2 Operating Accounts

.21 Revenues and Reimbursements. Mainly sales of postage and stamped paper, box rents earned, fees, and reimbursements other than for disposal of fixed assets. Whenever practical, revenues and reimbursements are accountable by post offices or other installations.

.22 Expenses. All operating costs, including depreciation and other unfunded costs, are classified by activity, function, OMB requirements, and when practical by post office or other installation. Expenses are recorded net after trade or volume discount. Cash discounts are recorded in separate accounts. Commitments incurred are identified by budget authorization and finance numbers.

233.3 Reciprocal Accounts

Reciprocal accounts are inter-office investment and transfer accounts and stamp accountability. These accounts completely offset when consolidated on a national basis.

233.4 Commitment Accounts

.41 Resources on Order. Property and services to be received under legally binding contracts and procurement orders. These are classified according to type of asset or other resource to be realized (fixed assets, inventories, research, etc.). Subaccounts show action authorizing commitment. Transactions in these accounts during the year are classified as commitments incurred by budgetary activity, amounts realized, and prior year adjustments.

.42 Other Funded Commitments. Amounts committed under legally binding contracts and procurement orders payable from available funds, but property and services have not been received. Supporting records are maintained to identify the amounts by budget authoriization, individual contracts, and procurements orders.

.43 Civil Service. Retirement and disability fund accounts.

234 Chart of Accounts

The Accounting Division, Finance Department, maintains the chart of accounts. Requests for new accounts, description, changes and deletions are made to the Postal Accounting Branch, Accounting Division (Form 1240, *Request for General Ledger Accounts*). A request is formalized by an F-8 Control Memorandum in the accounting period prior to the one when changes become effective. (Control memos are used to update finance handbooks between published revisions. Handbook and memo numbers correspond.)

235 Fiscal Periods

235.1 Accounting Periods

Each accounting period consists of two designated pay periods totaling 4 weeks; begins on a Saturday and ends on a Friday. Monthly financial reports to the OMB and the Department of the Treasury are prepared on a USPS fiscal basis, with the exception of October reports (begin October 1) and September reports (end September 30).

235.2 Postal Quarters

Postal quarters have three designated accounting periods, except the fourth quarter of the postal fiscal year, which has four periods. Quarterly apportionment periods terminate with the end of the corresponding postal quarter.

235.3 Postal Fiscal Year

The postal fiscal year has flexible dates and does not necessarily correspond to the government fiscal year. There are 13 numbered accounting periods and four postal quarters. The postal fiscal year is used for internal management reporting; the year number is determined by the calendar year in which the fiscal year ends. When the postal fiscal year ends on any day other than September 30, an additional accounting period 14 is used to accumulate the necessary financial data for the period between the U.S. Government fiscal year and the postal fiscal year. Detailed instructions are issued annually.

235.4 Government Fiscal Year

The U.S. Government fiscal year begins on October 1 and ends on September 30. The year number is determined by

the calendar year in which the fiscal year ends. USPS books are closed as of September 30 each year after (a) adding back the transactions for accounting period 14 of the prior fiscal year which were recorded in the equity accounts of the current postal fiscal year and (b) reversing transactions recorded in accounting period 14 of the current fiscal year. Detailed closing instructions are issued each year. Annual financial reports are prepared on a government fiscal year basis, with the exception of the motor vehicle operations report which is on a postal fiscal year basis.

240 Financial Statements and Reports

241 Principles and Standards

Reports must reflect the results of financial transactions and other data having immediate and direct bearing on financial operations and conditions pertinent to responsible managers. Principles and standards applied to financial reports:

a. Prepare comparative reports and statements whenever financial data can be presented in a more significant and useful manner.

b. Develop internal reports to meet management needs.

c. Issue reports promptly; comply with necessary legal requirements.

d. Take financial data for each report directly from, or support by, accounting records.

e. Report financial data consistently. Explain necessary deviations, including effect on financial condition and operations.

f. Use generally accepted terminology and account classifications in reporting similar transactions.

g. Compare preparation cost with significance and materiality when evaluating the need for a report.

h. Show compliance with statutory requirements to the maximum extent practical.

242 Basic Financial Statements

242.1 Balance Sheet. Statement of assets, liabilities, and equity prepared for each accounting period on a national basis.

242.2 Operations. Statement of financial operations concerning current programs and activities prepared for each accounting period and cumulative accounting periods on a national and regional basis.

242.3 Changes. Statement of changes in financial position prepared for each accounting period and fiscal year on a national basis.

243 Internal Management Reports

243.1 Requirements

By means of periodic internal reports, management is furnished information showing financial condition, including operating results to allow comparison with budget plans, cost performance, and accomplishments. Reports exhibit cost targets compared with actual costs developed under accrual concepts. Commitments incurred are shown in internal reports used to control expenditures. Statistical information includes a narrative statement to interpret and highlight significant and unique data for management attention.

243.2 Review and Evaluation

Management reviews reports to ensure that (a) operations are properly recorded, and (b) an optimal balance exists among costs incurred to date, work accomplished, and available resources. Internal financial reports are continuously evaluated for modification or discontinuance.

244 Reports to Non-USPS Users

244.1 Categories

.11 Required by law or regulation. Examples:

a. Office of Management and Budget

b. Department of the Treasury

c. Civil Service Commission (CSC)

.12 Requested for specific purpose. Examples:

a. Department of Interior (migratory bird hunting stamps)

b. Department of State (passport program)

c. General Services Administration (USPS motor vehicle data)

244.2 Format

Since the format, content, and frequency of required reports are generally prescribed by the requesting agency, the accounting system is designed to facilitate prompt preparation of reports with minimum cost and effort.

250 Finance Numbers

251 Explanation

All postal installations are assigned 6 digit finance numbers. The first two are a state code; the next four are uniquely assigned from 0001 through 9999 to each installation in alphabetical order. The St. Louis PDC maintains the national master record.

252 Assignment Requirements

252.1 Post Offices

.11 The responsible regional office requests a finance number from its support PDC and includes this pertinent data:

a. Cost Ascertainment Grouping—CAG Code
b. Budget Authorization—B/A Code
c. *Zoning Improvement Plan*—ZIP Code
d. *Management Sectional Center*—MSC Code
e. Management Operating Data—MOD Code

.12 The support PDC recommends to the St. Louis PDC a finance number that falls in alphabetical and numerical sequence within the installation's state. If there is no conflict with other installations, the number is approved.

252.2 Regions and Districts

.21 Any proposed changes to existing alignment are furnished the Operating Policies Office, Operations Group, for initial approval. After approval, the regions furnish pertinent data and proposed effective date to the General Manager, Accounting Division, Finance Department.

.22 Finance number assignments are formalized through the F-8 Control Memoranda—the authority for support and St. Louis PDCs to update their master files. All major realignments should be planned for implementation at the beginning of the postal fiscal year to eliminate costly conversion of data files reflecting numerous accounting periods.

252.3 Headquarters and Related Units

Changes or new finance numbers are requested from the General Manager, Accounting Division. If the finance number requires a pay location code, action is taken by the Payroll Systems Branch, Accounting Division. If the finance number is for special use and involves no reporting of payroll costs, action is taken by the Postal Accounting Branch, Accounting Division. Finance numbers are formalized through the F-8 Control Memoranda.

253 Number Uses

253.1 Input Documents

Documents prepared for input to the USPS general accounting system must contain state and finance numbers. These are key elements in editing, processing, and validating financial data.

253.2 Reports

The finance number used as the lowest level of identification in data base records, with other elements retained in key master files, provides the ability to produce reports at any level. Requests to retrieve this data for special requirements are submitted for approval to the General Manager, Accounting Division. The manager directs MISD to issue the report if retrieval is cost effective.

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Chapter 3
Post Office Accounting

310 Policy

311 General

The USPS policy of post office accounting is to establish accountability of postmasters and all employees entrusted with funds or valuable papers.

312 Objectives

The principal objectives are to (a) assign responsibility, and (b) develop procedures to protect cash receipts, control expenditures, safeguard assets, record and report financial data.

313 Postmaster Responsibilities

313.1 Basic Requirements

Postmasters are required to:

a. Ensure accounting objectives are met.

b. Collect all receipts to which their offices are entitled.

c. Account for all public funds entrusted to them by virtue of their positions as postmasters, either in their possession or in the custody of their offices.

313.2 Delegation of Duties

.21 Separate Responsibilities. In delegating responsiblity, there must be adequate provision for internal control by providing for a separation of duties between:

a. Personnel who handle cash or accountable paper; and

b. Personnel who record and establish responsibility for financial transactions.

(NOTE: To the maximum extent practical, personnel who handle cash should not also be assigned responsibility for the Main Stock of Stamps and other accountable paper.)

.22 Small Offices. Within allowable manpower, small post offices comply with the division of responsibility for internal control.

.23 Exception. These provisions do not apply when the postmaster has personal custody of accountable paper and funds, maintains the accountbook, and prepares the Statement of Account.

313.3 Verification of Data

.31 Statement of Account. Postmasters assure that the Statement of Account is accurate and complete, and do not sign the statement without verification of supporting documents.

.32 False Entries. A false entry made by a postmaster or postal employee in an official account to force a balance or show an incorrect condition is a violation of federal law (18 USC 2073).

320 Postal Funds

321 Definition

Postal funds are all monies received or controlled by postal personnel (including contractors who handle postal funds) in any manner while performing their duties.

322 Acceptable Items

Generally, U.S. currency, Treasury checks, postal money orders, and commercial checks issued by well-known firms and government organizations are acceptable in transacting postal business. Listings of specific items that are acceptable and not acceptable are shown in Handbook F-1; *Financial Handbook for Post Offices.* Postmasters must be aware of these listings and bring them to the attention of all employees who need to know.

323 Restrictions

Postal funds (a) must be kept safely without loaning, using, depositing in an unauthorized bank, or exchanging for other funds; (b) must be kept separate from personal funds and (c) cannot be used to cash personal checks.

324 Internal Control

324.1 Each post office must maintain internal control over receipts and disbursements. Procedures must be followed to ensure (a) proper recording and accounting of funds as received and disbursed, (b) prompt deposit of funds, and (c) security of funds, stamps, and other accountable items.

324.2 To the extent practical, only an employee who does not handle funds or accountable paper should verify transactions involving these items. At most offices with an office of finance, this office makes the verification. At other post offices, the verification is performed by the postmaster or an employee under the postmaster's immediate supervision.

325 Disposition

325.1 Deposits

Postmasters must ensure that all postal funds, except the authorized cash portion of stamp credits and cash reserves, are deposited in the prescribed commercial bank account daily. Only the bank and bank account designated by the Regional Director, Finance Department, may be used.

325.2 Withdrawals

Postmasters must not withdraw funds once deposited. Funds in the official bank account are transferred by the Treasurer, Finance Department, Finance Group.

330 Accountable Paper

331 Definition

Accountable paper includes postage and migratory bird stamps, stamped paper, unissued money orders, Treasury checks, food coupons, serially numbered receipt forms, philatelic products and other high value accountable items.

332 Main Stock

The postmaster assures that all accountable paper received into and dispensed from the main stock is fully controlled. The responsibility for maintaining the main stock is assigned to an employee having no access to the office cash records. When this is impractical, and in all CAG K and L offices, the postmaster maintains the stock personally.

333 Working Stocks

Working stocks of accountable paper are advanced to managers of postal stations and branches, window clerks, and specific contractors for sale to customers. Sales are not made directly out of the main stock unless the postmaster is the sole full-time employee.

340 Protection of Funds and Accountable Paper

341 Liability for Accountable Loss

341.1 Postmasters

When an accountable financial loss occurs and evidence shows that the postmaster conscientiously enforced USPS policies and procedures in managing the post office, the USPS relieves the postmaster of liability for the full amount of the loss. When evidence fails to show that the postmaster met these conditions, the USPS charges the postmaster with the full amount of the loss.

341.2 All Personnel

Postmasters and other personnel are financially liable for losses unless evidence establishes that they exercised reasonable care in performing duties. When a lost or stolen item was not protected according to USPS policies, the claim for relief from loss may be disallowed.

341.3 False Entry

A false entry made by a postmaster or postal employee in an official account to force a balance or make the record show an incorrect condition is a violation of federal law (18 USC 2073).

342 Protective Equipment

342.1 Security. Postmasters must ensure that protective equipment is used for maximum security.

342.2 Combinations and Keys. Postmasters and supervisors must ensure that combinations and locks are uncompromised, and changed whenever the equipment or employee is reassigned.

342.3 Accountibility. All employees, including supervisors, handling accountable paper must maintain these items in the security equipment. Employees must advise management of equipment inadequacy or malfunction.

343 Priorities

Postmasters must assure that all employees comply with the priorities of protection assigned to categories of postal funds and accountable paper. (See Handbook F-1.)

344 Money Orders

It is USPS policy to secure blank money orders, money order imprinters, and validating plates each separately from the other. This policy must be brought to the attention of all personnel.

345 Accountibility Verification

345.1 Bargaining Employees. Postmasters and supervisors are responsible for verifying the value of each bargaining unit employee's accountability according to the terms of the national agreement.

345.2 Non-Bargaining Employees. The postmaster or finance supervisor verifies accountibility at least once each postal fiscal year. If accountability appears to warrant a full audit, the postmaster requests it through the Inspector in Charge.

350 Financial Reports

351 General

Records of receipts and disbursements must be maintained on a current basis. Transactions are recorded each day. Recording and reporting forms are prescribed in Handbook F-1 and other directives.

352 Internal Reporting

Each employee who handles cash or accountable paper gives a daily financial report. These are consolidated and entered daily in the accountbook (or equivalent). The accountbook (or equivalent) is prepared by or under the direction of the postmaster. (See Handbook F-1.)

353 Report to Headquarters

Postmasters report financial transaction summaries to Headquarters management through PDCs. The form of such reporting is the periodic Statement of Account. Specific instructions regarding methods, frequency, and support are contained in Handbook F-1.

360 PDC Examination of Accounts

361 Purpose

Statements of Account are examined to assure that postmasters have correctly reported and accounted for financial transactions in conformity with USPS policies and procedures.

362 Responsibility

PDC Directors establish machine and manual processing routines to examine Statements of Accounts. Technical problems that cannot be resolved at regional levels are referred to the Accounting Division, Finance Department, Headquarters. (PDCs use Handbooks F-1 and F-4, and other directives, in examining accounts.)

363 Errors

When examination discloses excessive errors or omissions, the PDC Director notifies the appropriate regional authority so corrective action may be taken.

364 Differences

When official PDC records do not reflect the same balances reported by postmasters, a Statement of Difference is issued to the postmaster. The difference must be acknowledged, and whenever possible resolved on the next Statement of Account to the PDC.

365 Former Postmaster Accounts

Each PDC Director designates an employee to examine former postmaster accounts. The final Statement of Account given by a postmaster at retirement, relief, or upon dissolution of an office is processed under special audit instruction detailed in Handbook F-4.

366 Inspection Service Audit

366.1 Authority

The Inspection Service has the authority to audit the accounts of postmasters, including accounts of employees responsible to the postmasters being audited. This includes operational audits of PDC systems and procedures used in processing postmaster accounts.

366.2 Support

PDCs support the audit effort by preparing a Financial Transaction Exception Report as prescribed by the Accounting Division, Finance Department.

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Chapter 4
Payroll Accounting

410 Policy

411 General

USPS payroll accounting is a computerized system which calculates salaries weekly and pays employees biweekly. The system contains a detailed data file for each employee and provides accurate labor distribution and useful management reports.

412 Objectives

Principal objectives of the system are to establish and maintain national programs to:

a. Ensure timely and accurate data collection, calculate employee pay, and issue and control payments in compliance with federal and state tax laws.

b. Ensure proper accounting distribution of payrolls.

413 Responsibilities

413.1 Finance Department. The Accounting Division:

a. Develops policy and sets requirements for administration of payroll and time and attendance systems.

b. Coordinates payroll programs on a national basis.

c. Ensures the system design has adequate internal controls for data collection, pay calculation, payroll disbursement, and account distribution to avoid improper disbursement of USPS funds.

413.2 Employee and Labor Relations. This group establishes compensation policy and employment regulations used in the system.

420 Payroll Processing

421 Data Collection

421.1 Time Cards

Smaller offices (generally less than 500 employees) use manual time cards for collecting time and attendance data. Starting and stopping times are recorded either mechanically (time clocks) or manually. (See Handbook F-21, *Time and Attendance.*)

421.2 Postal Source Data System (PSDS)

.21 Larger offices (generally 500 or more employees) use the PSDS. This system consists of badge card readers, electronic scales for weighing mail and other input devices for a wide variety of transactions, and printers for management reports. The data collection devices and printers in each post office using PSDS are connected by communication lines with a designated teleconcentrator site, which in turn is connected with one of two automatic data processing centers.

.22 The system provides applications regarding time and attendance, labor distribution, and mail volume data. (See instructions in Handbook F-22, *PSDS Time and Attendance,* and Publication 104, *PSDS Supervisor's Handbook.*)

422 Input Sources

Time cards and PSDS time and attendance tape files are used by the PDCs as input sources for calculating employee pay. The payroll system computes employee pay and generates general ledger account distribution and management reports.

430 Payroll Deductions

431 Types

431.1 Mandatory

Amounts withheld from employee pay as mandated by legislative action, administrative directive, and court order are:

a. Federal, state, and local taxes.
b. Federal Insurance Contribution Act (FICA) taxes.
c. Retirement for career employees.
d. Indebtedness to the USPS and the U.S. Government.
e. Federal tax levy.
f. Garnishment for child support.
g. Commercial garnishment required by federal court order.

431.2 Voluntary

Eligible employees, at their option, may elect to have amounts withheld from their pay for:

a. Union dues.
b. Additional (optional) life insurance.
c. Health insurance.
d. Bonds.
e. Charity.
f. Automobile insurance premiums (union sponsored programs).
g. Additional federal, state, and local taxes.
h. Allotments to financial institutions.
i. Deductions under wage-earner plans. (The extent to which the USPS is obligated to make deductions for wage-earner plans under the Federal Bankruptcy Act has not been settled.)

432 Priorities

The priorities of payroll deductions are:

a. Retirement or FICA.
b. Federal income tax.
c. Health benefits insurance premiums.
d. State income tax.
e. City income tax.
f. Union dues.
g. Indebtedness to the USPS.
h. Indebtedness to the U.S. Government.
i. Garnishment for child support (if entered before federal tax levy).
j. Federal tax levy.
k. Deductions under wage-earner plans.
l. Commercial garnishment required by federal court order entered before federal tax levy.
m. Optional civil service life insurance premiums.
n. Bonds.
o. Charity.
p. Automobile insurance premiums (union sponsored insurance programs only).
q. Additional federal tax.
r. Additional state tax.
s. Additional local tax.
t. Allotments to financial institutions.

440 Leave

441 Annual

441.1 Accrual

During each pay period, each installation mechanically records the liability for annual leave earned in its general ledger accounts and financial reports. Liability is calculated by multiplying each employee's salary or wage rate by the number of hours earned in his leave category. The value of annual leave taken and terminal leave paid is charged against the annual leave liability balance.

441.2 Interim and Year-End Adjustments

The accrual calculation excludes step and merit, promotion, general wage, and cost of living adjustment (COLA) increases. On an interim basis, the financial impact of each general wage and COLA increase on the annual leave liability is estimated and the general ledger balance adjusted. A mechanical recalculation of the leave liability for all employees is performed, as a minimum, at the end of (a) each leave year, and (b) accounting period 12. Each employee's leave balance is calculated by multiplying current rate of pay by hours earned. Balances are accumulated to restate annual leave liability; and the general ledger is adjusted (charged to budget authorization code 7-C, Service-wide Costs).

442 Holiday

Holiday leave is presumed to be earned throughout the year. A pro rata share of holiday hours is accrued each pay period and charged to the installation. At the end of the fiscal year, the remaining balance is liquidated by charge to Service-wide Costs.

443 Sick

Although sick leave is earned each pay period, the liability is not recorded until leave has been taken. Total charges are recorded each pay period in the general ledger operating accounts.

444 Other

Specific types of paid leave are recorded when taken (military, court, etc.). Total charges are recorded each pay period in the general ledger operating accounts.

450 Employee Benefits

451 Civil Service Retirement and Disability Fund and Unfunded Liability

451.1 Requirement

The Postal Reorganization Act of 1970 provides that all USPS employees are covered by the Civil Service Retirement Program. The USPS withholds from employee pay amounts specified by the program for payment to the Civil Service Retirement and Disability Fund.

451.2 Financing

Public Law 91-93 (Civil Service Retirement Amendment of 1969) revised the method of financing the federal retirement system to cover any unfunded liability. The unfunded liability represents the amounts required to fully finance all benefits due eligible current and former employees, less money credited to the Fund and that to be credited in the future. Public Law 93-349 was enacted on July 12, 1974. This made the USPS liable for that portion of estimated increases in the unfunded liability which is attributable to benefits payable from the Fund when the increases result from an employee-management agreement under Title 39, USC, or an administrative action by the USPS according to law, which authorizes increases in pay on which benefits are computed.

451.3 Payments

The law provides that the estimated increase in the unfunded liability is determined by the CSC. The USPS must pay this amount in 30 equal installments, with interest computed at the rate used in the most recent valuation of the retirement system (5% as of December 31, 1977).

451.4 Charges

The amount of unfunded liability charged to USPS operating expense each year is equal to the amount to be funded (actual cash payment to CSC). This amount is charged to servicewide costs. The offsetting charges (amounts payable over the ensuing 29 years) are shown on USPS financial statements as deferred retirement costs and apply to future operations.

452 Workers Compensation

452.1 Administration

The Workers' Compensation Program for the USPS is administered by the Department of Labor. Claims are filed with and payments are made by the Department of Labor, with the exception of the first 45 days of continuation of pay, which is paid by the USPS.

452.2 Payments

All payments made by the Department of Labor on USPS claims are billed to the USPS annually. The billing period is from July 1 through June 30 and must be paid by October 15 to the Department of Labor.

452.3 Charges

The USPS charges to servicewide costs in the year of injury the present value of the total estimated cost of claims. This is based on statistical estimates of length of time claims will be paid depending on such factors as the nature of injury and part of the body injured.

452.4 Liability

Under the Postal Reorganization Act, all payments made by the Department of Labor after July 1, 1971, for injuries occurring before that date remain liabilities of the U.S. Government and are funded by appropriations.

453 Unemployment Compensation

453.1 Eligibility

Under the Federal Employees Compensation Act, USPS employees may be eligible to receive unemployment benefits from the states in which they were employed when terminated from the USPS. Some part-time employees may also be eligible to receive these benefits while employed. Qualifications for eligibility are governed by each state. (See ELM 551.2).

453.2 Payments

The USPS is required to repay to the states, through the Department of Labor, all benefits paid to eligible former and current USPS employees. Unemployment costs are charged against each region's budget.

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Chapter 5
Asset Control Accounting

510 Personal Property Accounting

511 Policy

511.1 General

This subchapter covers capitalizing, expensing, and depreciating personal property.

511.2 Objectives

Financial records for capitalized property are maintained in the Personal Property Accounting System (PPAS) to provide:

a. Support for the general ledger property account balances.

b. Financial control and accountability for property in use.

c. Quantitative data for management planning.

d. Basis for determining and charging depreciation expense.

511.3 Responsibilities

.31 Headquarters

The Finance Group administers overall USPS property accounting policy. The Accounting Division, Finance Department, develops the system concepts, policies, requirements, and procedures.

.32 St. Louis PDC

The PDC maintains property records on a national basis in the PPAS. Their responsibilities are to:

a. Prepare and issue periodic change listings and annual personal property inventory listings.

b. Process inventory changes.

c. Maintain current summary records of personal property inventories.

d. Prepare depreciation schedules and management reports.

e. Maintain general ledger property account balances.

.33 Regions

Each regional Director of Finance monitors the overall operation and effectiveness of the PPAS.

.34 Installations

Each postmaster, or installation head, preserves the integrity of records for property charged to the installation. Responsibilities are to:

a. Perform physical inventories.

b. Maintain detailed property inventory control records.

c. Reconcile property inventory listings with installation property records.

d. Report discrepancies promptly.

e. Prepare and submit disposal documents.

f. Maintain accurate accountability of property.

512 Capitalized Personal Property

512.1 Tangible Items

.11 Weapons are capitalized regardless of cost.

.12 Other tangible items are capitalized when the property (a) has a unit cost of $100 or more, (b) has a service life of more than one year, and (c) can be identified as an item of property throughout its useful life.

512.2 Major Components

Expenditures for additions, modifications, or replacement of major equipment components are capitalized when (a) the productive capacity or value of the item is materially increased, (b) the life of the item is appreciably extended, or (c) the item is adapted to a different use.

512.3 Research and Development

The costs of materials, equipment, or facilities acquired or constructed for research and development projects are capitalized—when the items have alternative uses in other research and development or commercial projects. These items are capitalized at their estimated replacement costs.

512.4 Basis of Valuation

Included in the capitalized value of personal property are:

a. Costs directly associated with the manufacture of personal property or the purchase price including trade-in allowance, if the property is a standard item.

b. Freight costs for delivery of newly purchased property.

c. Cost of equipment installation by non-USPS personnel.

d. Cost of repairing used property upon purchase for postal use, excluding USPS labor costs.

513 Records and Control

513.1 General Ledger

Control of capitalized personal property is effected by asset control accounts in the general ledger and detailed

property records in the PPAS at the St. Louis PDC. Additional documentation pertaining to acquiring and recording capitalized personal property in the general ledger accounts is maintained by the support PDCs.

513.2 Property Classification

.21 The St. Louis PDC designates capitalized personal property as Class A or B in the PPAS. The property class identifies items that should be inventoried and denotes the degree of control required.

.22 Class A is property that is readily subject to theft and requires additional control. Class A requires special security, is under direct control of supervisors, and is physically inventoried every 3 years.

.23 Class B is all other capitalized property. Class B requires normal security, is under general control of supervisors, and is physically inventoried at the same time as Class A (at the option of the postmaster or higher authority).

513.3 Equipment Categories

Capitalized personal property is categorized and the value recorded in separate property, plant, and equipment in-service general ledger accounts. Categories are:

a. Mail processing equipment
b. Customer service equipment
c. Postal support equipment
d. Category D property

(NOTE: Category D property (minor equipment) with a net book value of $116 million on July 1, 1971, was *capitalized.* This equipment does not fit into usual property control procedures, so no depreciation allowance was made for this initial carrying value. Acquisitions after July 1, 1971, are *expensed.*)

514 Acquisition, Transfer, Disposal

514.1 Acquisition

.11 Methods

Personal property is purchased, constructed, or donated by other government agencies. The property is (a) delivered directly to the installation site and placed in service, or (b) shipped to an area supply center and stored as capital equipment inventory stock and redistributed to requisitioning organizations.

.12 Purchase

.121 New. Purchased property is recorded in the proper property, plant and equipment in-service general ledger account. The capitalized amount includes purchase cost less discount plus freight and contractual installation cost.

.122 Trade-In. When equipment is traded in on the purchase of new equipment, the amount capitalized for the new equipment includes the trade-in allowance.

.123 Freight

a. Percentage per Unit. A freight allocation percentage is applied to the cost of each unit purchased to distribute freight paid on government bill of lading (GBL) for delivery. This percentage is figured by dividing total freight payments during the fiscal year by the total amount of capitalized personal property purchased and delivered in the same fiscal year.

b. Fixed Mechanization. Freight charges for fixed mechanization systems are identified separately in the equipment contract, and capitalized with the cost of the equipment.

.13 Construction

Equipment acquired or constructed under a research and development project is capitalized when placed in operating use, and recorded in the general ledger and property records at estimated replacement cost. The amount capitalized is credited to current year research and development expense.

.14 Donation

Property donated by federal agencies or state and municipal governments is recorded in the general ledger and property records at the original cost and year of acquisition furnished by the transferring agency. A sufficient accumulated depreciation reserve is established to cover the expired portion of the property service life, and the net book value is credited to the equity account for transfers from government entities.

514.2 Transfer

.21 Between Postal Organizations

.211 The capitalized cost and accumulated depreciation for the property are transferred to the property records of the receiving organization. Depreciation is charged (a) to the shipping organization for the entire fiscal year when the transfer occurred, and (b) to the receiving organization beginning the following fiscal year.

.212 Removal, shipping, and reinstallation are expensed. (Removal and shipping costs are borne by the shipping organization unless shipment is made on a GBL.)

.22 Between Supply Centers and Field

.221 Capital inventory items shipped by area supply centers to requisitioning organizations are capitalized at the average unit price recorded in the supply center's inventory records.

.222 Depreciation on capital inventory items begins in the fiscal year following capitalization in the PPAS and is charged to the requisitioning organization.

514.3 Disposal

.31 Methods. Capitalized property is disposed through sales, donation, loss or damage, or any other means by which property leaves USPS possession.

.32 Sale. When property is sold, the difference between the net book value of the property and any cash received is charged or credited to the proper gain or loss account.

.33 Donation. When capitalized property is donated to a federal, state, or municipal government agency, the proper general ledger plant and equipment account is credited for the acquisition cost and accumulated depreciation is reversed. The difference between the acquisition cost and accumulated depreciation (net book value) is charged to the equity account for transfers to government agencies.

.34 Loss or Damage. When equipment is lost or damaged and either full or partial value is recovered from the responsible party, the amount collected is credited to the gain or loss account, offsetting the loss resulting from the writeoff of equipment.

.35 Other. When capitalized property is disposed by any other methods, the general ledger plant and equipment account is credited for the acquisition cost, the accumulated depreciation is reversed, and the net book value (less trade-in allowance) is charged to the gain or loss account.

514.4 Documentation

All transfers and disposals must be property documented and approved by the responsible organization before submitting to the St. Louis PDC. This is necessary to relieve the organization of accountability and adjust financial records.

515 Depreciation Requirements

515.1 Service Life

Definition. Service life is the estimated average number of useful years assigned to an asset; depreciation is accrued for the same amount of time. Each category of capitalized property has an assigned service life in the PPAS. New items are assigned by:

a. Similarity. The established service life of a similar item is assigned to the new item.

b. Dissimilarity. When the item is dissimilar, the purchasing organization assigns the service life. Newly established service lives must be approved by the Accounting Division, Finance Dept.

515.2 Method

Straight line depreciation is used for capitalized property. The acquisition cost is depreciated (in equal amounts) each accounting period throughout the service life of the property and charged to depreciation expense. Guidelines:

a. Depreciation begins the first accounting period in the fiscal year *following* the fiscal year of capitalization, based on property charged in the PPAS as of the end of the past fiscal year.

b. Depreciation terminates at the end of the property's service life, but the records are maintained in the PPAS. A full year's depreciation is taken in the disposal year.

c. Depreciation is not charged while property is in area supply center inventories, or under construction or installation.

516 Physical Inventories

516.1 Schedules

Each region conducts physical inventories on a rotating basis to count the entire capital equipment inventory at least once every 3 years. Generally, one-third of the offices are inventoried each year.

516.2 Discrepancies

Differences between physical inventories and the accountable property records at the St. Louis PDC are identified and documented before adjusting the property records. Differences for post offices are submitted to the regional Director of Finance, or designee, for review and approval before submission to the PDC for processing. Inventory differences for postal organizations other than post offices are submitted for approval to the appropriate office before submission to the PDC. (See Handbook F-26, *Property Accounting.*)

517 Expensed Personal Property

Personal property failing to meet capitalization criteria is expensed. General types:

a. Personal property costing less than $100 per unit, generally referred to as expendable equipment.

b. Supplies and services, including technical manuals, training materials, and software.

c. Initial and replacement spare parts for capital equipment.

d. Modification costs of existing property, when the work fails to extend service life or materially increase productive capacity or value of the asset.

e. Freight and installation costs due to dismantling or relocating existing property.

f. Labor provided by USPS personnel for installation or modification of plant and equipment.

g. Research and development costs for material and equipment acquired or constructed which lack alternative future uses in research and development or commercial projects.

h. Category D property includes minor equipment (lock boxes, distribution cases and tables, nutting trucks, carrier/folding nose carts, collection and relay boxes, mail bags and locks, screenline/counterline, etc.). Equipment on the books up to July 1, 1971, was capitalized; acquisitions after that date are expensed. (See 413.3.)

520 Real Property and Leasehold Improvement Accounting

521 Policy

521.1 General

.11 This subchapter covers (a) capitalizing, expensing, and depreciating USPS-owned real property and related improvements and additions, and (b) capitalizing, expensing, and amortizing leasehold improvements.

.12 Accounting records and control of USPS-owned land and buildings are maintained in the financial subsystem of the Facilities Management System (FMS), a computerized system for planning, budgeting, and monitoring projects associated with (a) acquisition and improvement of land, and (b) acquisition, construction, and improvement of buildings.

521.2 Objectives

Primary accounting objectives are to provide:

a. Support for the general ledger account balances.

b. Inventory data on USPS-owned land and buildings for management.

c. Leasehold data for regional management decisions.

d. Basis for computing and charging depreciation and amortization expense.

521.3 Responsibilities

.31 Headquarters

.311 The Accounting Division, Finance Department develops the accounting system concepts, policy, requirements, and procedures.

.312 The Real Estate and Buildings Department, Administration Group ensures that both Headquarters and field offices provide real property data required to support the financial and accounting requirements of the FMS subsystem.

.32 PDCs

.321 St. Louis PDC. The St. Louis PDC maintains national records of USPS-owned land and buildings through the FMS. The PDC also:

a. Maintains a subsidiary ledger to support general ledger account balances for land, buildings, and accumulated depreciation.

b. Prepares management reports for tracking capital projects.

c. Provides audit trails for project capitalization.

d. Prepares other reports necessary to control the FMS financial subsystem.

.322 All Other PDCs. Other PDCs maintain amortization schedules for leasehold improvements in support of the general ledger account balance.

.33 Regions

.331 Regional Directors of Finance monitor the operation of the FMS financial subsystem to ensure prompt closeout of capital projects.

.332 Regional Directors, Real Estate and Buildings ensure that capital projects are closed promptly and that project completion reports are properly prepared.

522 Property Classifications

522.1 Land

This is the cost of land procured by USPS for use or resale. (The cost of land excludes improvements such as general site grading, landscaping, fences, walks, and paved areas.)

522.2 Buildings

These are:

a. Original acquisition and improvement costs of a building or structure, including permanent fixtures. (Examples: elevators, roofs, heating, air conditioning, plumbing, fire protection system, etc.)

b. Initial installation of movable fixtures. (Examples: shades, movable partitions, venetian blinds, etc.)

c. Capital improvements specifically related to a building or structure. (Examples: grading, landscaping, fences, walks, paving, platforms, docks, etc.)

522.3 Leasehold Improvements

These are costs other than normal maintenance and repair expense incurred by USPS to provide additional space or upgrade existing space in leased facilities. These improvements are not billed to the owner—but revert to the owner upon expiration or cancellation of the lease—unless otherwise specified in the lease agreement. (Improvements included are ventilation systems, retaining walls, fences, partitions, etc.)

523 Capitalization Policy

523.1 Land and Buildings

All acquisitions of land and buildings are capitalized regardless of cost. Land and building costs are recorded in capital ledger accounts when (a) the building is beneficially occupied for postal purposes, (b) technical work is completed and the total facility is accepted for occupancy or use, or (c) administrative and fiscal closeout of a capital project is processed, whichever occurs first.

523.2 Building Improvements

.21 Improvment costs are capitalized if the cost is $2,000 or more and the improvement (a) provides useful

features previously unavailable, (b) increases space, or (c) significantly extends the useful life of the building. Capital improvements increase the total cost of the property. These improvements include initial installation of permanent fixtures.

.22 When improvements and major system replacement projects result in complete or partial replacement of building systems or other permanent fixtures, the net book value of the replaced asset is written off (expensed).

523.3 Leasehold Improvements

Leasehold improvements are capitalized if the cost is $2,000 or more and are treated as a deferred charge.

524 Expense Policy

Costs not subject to capitalization requirements are expensed, including (a) capital projects with costs totaling less than $2,000, and (b) repair and maintenance projects for both owned and leased buildings, regardless of cost. (These include interior and exterior painting, plastering, weatherproofing, caulking, steamcleaning exterior walls, replacing window glass; and repairing roofs, floors, plant systems, parking/maneuvering areas, sidewalks, and buildings.)

525 Combined Capital and Expense

Projects that include both capital and expense improvements are processed on separate project authorizations. However, if items usually expensed are a direct result of the capital improvement, the total project cost is capitalized on one project authorization.

526 Land and Building Costs

526.1 Land

The cost of land includes:

a. Site survey and selection (specific site).
b. Purchase price.
c. Attorney's fees.
d. Appraisals.
e. Search and title guarantee.
f. Notary and recording fees.
g. Consents and payments for damages and relocation.
h. Demolition of existing improvements (if not included in the construction contract).
i. Site fill (if not included in the construction contract).
j. Corps of Engineers or other master contractor support.
k. Cost of USPS land exchanged for land acquired, plus any additional amount paid for the exchanged property.

526.2 Buildings

.21 The cost of an existing structure includes:

a. Purchase price.
b. Attorney's fees.
c. Search and title evidence or guarantee.
d. Notary and recording fees.
e. Support (except in-house support cost).
f. Improvements at the time of acquisition to meet occupancy requirements of the using facility.

.22 The cost of a new structure includes design, construction (including change orders), and contract support.

526.3 Acquisition and Construction

Acquisition of land, construction of buildings, and building and leasehold improvements are authorized and controlled under the Project Authorization Control System (PACS) (See 635.) Costs of capital projects are recorded in a plant and equipment-under-construction general ledger account and capitalized.

527 Depreciation and Amortization

527.1 Land/Improvements

Land is not depreciated. However, such improvements as site grading, landscaping, fences, walks, and paving are capitalized as part of the building costs and depreciated accordingly. If vacant land is paved or fenced for vehicle parking, the improvement is depreciated over a service life of 10 years. Depreciation starts the beginning of the fiscal year following the fiscal year of improvement capitalization. A full year's depreciation is not taken in the year of disposition; therefore, depreciation stops in the accounting period in which the disposal action is recorded in the general ledger.

527.2 Buildings/Improvements

.21 Buildings are depreciated over a service life of 40 years. Depreciation starts in the beginning of the fiscal year following the fiscal year of capitalization and stops when the building is fully depreciated. If the building is disposed of before becoming fully depreciated, depreciation ceases in the accounting period in which the disposal action is recorded in the general ledger.

.22 Improvements are depreciated over the remaining service life of the improved building. The improvement cost is added to the undepreciated cost of the building; however, the depreciation pertaining to the improvement starts in the beginning of the fiscal year following capitalization of the improvement cost. Improvements made in the last year of depreciation or when a building is fully depreciated are depreciated over 1 year.

.23 Exceptions that require prior approval of Headquarters Finance Department:

a. Additions that significantly increase space.
b. Restoration of buildings largely destroyed by fire or other catastrophe.
c. Renovations made as an economic alternative to new construction.

527.3 Leasehold Improvements

Amortization of leasehold improvements starts in the accounting period following the accounting period of capitalization. Amortization schedules for specific leasehold improvement are:

a. Automatic renewal agreements—Amortized over 7 years.

b. Fixed-term leases without renewal options—Amortized over the remaining term of the lease.

c. Fixed-term leases with renewal options—Amortized over the remaining term of the lease. (Exception: Improvements capitalized during the last 2 years of the current lease are written off over the remaining term, plus renewal option when exercised.)

d. GSA buildings—Amortized over 15 years. (There are no lease agreements between USPS and GSA.)

e. Termination of Lease—When either lessee or lessor terminates a lease (or gives notice to vacate a GSA building), the unamortized balance of the improvement cost is written off to expense during the accounting period when termination or cancellation is effective.

f. Removal Before Termination of Lease—If a leasehold improvement is removed or destroyed, the unamortized balance of the improvement cost is written off to expense during the accounting period when the notice of removal or destruction is issued.

528 Real Property Disposal

528.1 Responsibility

The Office of Real Estate, RE&B, executes the USPS program for disposal of surplus USPS-owned real property.

528.2 Procedures

.21 Sale

.221 When real property is sold, a letter of notification and the proceeds of the sale are sent to the St. Louis PDC to adjust financial records.

.222 The net book value of the property and miscellaneous expenses incidental to the sale (appraisal, advertising, plot plans, surveys, etc.) are charged to an account for gain or loss from sale of land and buildings. Gain or loss is offset in the account by proceeds of the sale.

.223 If a building is destroyed or abandoned to the site owner, the Real Estate and Buildings component (field or Headquarters) notifies the St. Louis PDC to adjust financial records.

.224 Gains or losses connected with sale, exchange, abandonment, or destruction of real property are credited or charged to operating expenses of the Office of Real Estate, RE&B.

.22 Donation

When the USPS donates real property to a government agency, the St. Louis PDC is notified in writing by the Office of Real Estate, RE&B, to adjust financial records. The net book value of the property is charged to the equity account for transfers to government agencies.

.23 Lease Termination

.231 When a lease is terminated or notice is given to vacate space in a building controlled by GSA, the field Real Estate and Buildings Office notifies the St. Louis PDC to stop rent payments. The written notification (copy sent to support PDC) authorizes St. Louis to write off any unamortized balance of leasehold improvements and adjust financial records.

.232 If a leasehold improvement is removed or otherwise destroyed before lease termination, the postmaster notifies the support PDC to write off the unamortized balance of leasehold improvement.

529 Records and Controls

529.1 Primary

Land, buildings, building improvements, and leasehold improvements are controlled by general ledger control accounts for the asset value and accumulated depreciation of land and buildings and the unamortized value of leasehold improvements.

529.2 Secondary

.21 Detail records of the asset value and accumulated depreciation for land and buildings are maintained as a subsidiary to the general ledger control accounts by the St. Louis PDC in the FMS financial subsystem.

.22 Support PDCs maintain detail subsidiary records to the general ledger control accounts for the unamortized value of leasehold improvements for served facilities. Supporting documentation is maintained for the transfer from St. Louis PDC and the amortization write-off.

.23 Supporting documentation for the acquisition of land or construction of buildings and their disposition is maintained and audit trails established between the PACS and the FMS for the capitalized amounts.

.24 Supporting documentation for the capitalization and transfer of leasehold improvements to the support PDCs is maintained by the St. Louis PDC.

530 Motor Vehicle Accounting

531 Policy

531.1 General

.11 Motor vehicle accounting procedures pertain to capitalization, depreciation, repair, and maintenance of USPC-owned, borrowed, or hired transport and service vehicles (except GSA vehicles used to transport postal employees). Motor vehicles include those used for mail carrying, passengers, bulk transfers, law enforcement, custodial maintenance, ambulances, mobile post offices, scooters, and vehicle auxiliary equipment—among others.

.12 The Vehicle Accounting System (VAS) accounts for operating, repair, and maintenance costs other than driver salaries.

531.2 VAS Objectives

.21 Accumulate financial operating data and issue reports to management for use in determining the effectiveness of operating and maintaining the vehicle fleet.

.22 Aid in developing budget estimates.

.23 Furnish accounting and statistical data as the basis for comparing USPS vehicle costs with those of contract service.

.24 Provide operating and maintenance data to evaluate vehicle performance and guide procurement and disposal action.

531.3 Responsibilities

.31 Headquarters

.311 Finance Group. The Finance Department establishes VAS accounting and financial policy and procedures.

.312 Delivery Services Department. The Office of Fleet Management establishes VAS policy for acquisition, maintenance, operation, disposal, and service lives of vehicles.

.32 Regions

Each Manager, Regional Vehicle Services Branch, coordinates, interprets, and maintains conformity with policy formulated by the Office of Fleet Management and furnishes technical guidance to field managers.

.33 Vehicle Maintenance Facilities (VMF)

VMFs maintain and operate USPS vehicles, and provide support documents for vehicle cost and accounting reports.

.34 PDCs

.341 The Motor Vehicle Section, Postal Accounts Branch, generates servicewide reports from VMF source documents, and controls vehicle asset and inventory accounts.

.342 The Miscellaneous Disbursements Section, Accounts Payable Branch, processes vendor payments associated with vehicle operation and maintenance.

532 Capitalization and Depreciation

532.1 Capitalization

The USPS capitalizes and depreciates all USPS-owned motor vehicles. Vehicles are capitalized in the accounting period of receipt at gross cost including estimated freight. Cash discounts are credited to discounts earned. The cost of auxiliary equipment (power tailgates, lift gates, snow plows, etc.) that are permanently attached to vehicles at time of purchase, or purchased and attached later, are added to the vehicle cost and depreciated over the remaining service life.

532.2 Depreciation

Vehicles are depreciated on a straight line basis over the vehicle's service life, after deducting estimated salvage value, beginning in the accounting period of capitalization. Depreciation rates are based on a total number of accounting periods equivalent to the vehicle's service life multiplied by 13.

533 Transfer and Disposal

533.1 Transfer

Vehicles may be transferred between offices, districts, and regions. Transfers between regions serviced by different PDCs are recorded in the motor vehicle general ledger accounts maintained by each PDC. Transfers between offices, districts, and regions serviced by the same PDC are not recorded in the motor vehicle general ledger account.

533.2 Disposal

.21 There is a separation of responsibility between VMF and finance accounting personnel at the post office level for vehicle sales and payments. VMF personnel negotiate sales. Finance/accounting personnel receive and account for funds from sales.

.22 When vehicles reach their time in service, mileage, or repair cost limits, disposal may be considered. (See Handbook M-52, *Fleet Management.*)

.23 When a vehicle is either sold or cannibalized, the accountable VMF submits a document approving its disposal to the servicing PDC to adjust accounting records.

.24 Upon vehicle disposal, the motor vehicle general ledger account is credited for the acquisition cost and the accumulated depreciation reversed. The difference between the net book value and any cash received from sale is charged or credited to the account for gain or loss from sale of motor vehicles.

534 VMF Supply Inventories

534.1 Types

.11 VMFs maintain inventories of automotive parts, materials, gas, oil, and other supplies required to maintain, repair, and operate the vehicle fleet.

.12 VMFs maintain perpetual inventory records of receipt, issue, transfer, cost, and disposition of inventories that support the general and subsidiary motor vehicle supplies inventory ledger accounts maintained at the PDCs.

534.2 Acquisition

.21 Supply Centers

Inventories acquired by VMFs from area supply centers include automotive parts, supplies, and materials and are requisitioned according to Procurement and Supply Department policy. Value of the inventory is transferred from the area supply center inventory control account to the motor vehicle supplies inventory control account upon shipment.

.22 Local Purchase

Cash fixed credit for local purchases may be established at VMFs that are inaccessible to postal installations. VMFs may purchase only vehicle parts with cash fixed credit. Postmasters with VMFs may purchase only vehicle parts with both imprest funds and cash fixed credit.

534.3 Pricing

Items with a unit cost of $10 or less are recorded and issued at the latest purchase price. Items with a unit cost of more than $10 are recorded and issued on the average unit cost basis. Inventories are recorded in the motor vehicle supplies inventory general and subsidiary ledger accounts at cost.

534.4 Fuel to Other Agencies

VMFs levy a surcharge in addition to the price when selling gas or oil to other government agencies. The surcharge is jointly established by Headquarters Office of Fleet Management and the Finance Department.

535 Physical Inventories

535.1 Vehicles

An inventory of USPS-owned vehicles is performed each fiscal year at the close of business on the last day of accounting period 13. Each VMF Manager documents and reports discrepancies to the servicing PDC for action.

535.2 Gas and Oil

Gasoline, diesel fuel, and oil inventories are conducted at the end of accounting period 13 each fiscal year by a dip stick or meter reading of the bulk tank.

535.3 Parts and Material

A physical inventory of parts and material is conducted once every 3 years at each VMF. Servicing PDC personnel, with the concurrence of the Manager, Regional Vehicle Services Branch, establish the schedule for performing the inventory. Each VMF Manager documents and reports discrepancies between the physical and perpetual inventories to the servicing PDC for adjustment.

536 Reconciliations

536.1 Vehicles

PDCs ensure that inventory discrepancies are supported with documentation before adjusting general ledger accounts. Vehicles that are unaccounted for and presumed lost or missing are reported to the Inspection Service for investigation before adjusting the general ledger.

536.2 Gas and Oil

PDCs compare dip stick or meter readings with the subsidiary ledger control account for each VMF and report discrepancies to the (a) manager, regional Vehicle Services Branch; (b) regional Director of Finance; and (c) postmaster. If discrepancies comprise 5% or more of the control account balance, the manager and the director initiate corrective action to ensure that inventory controls are properly enforced by VMFs.

536.3 Parts and Material

Inventory discrepancies reported to PDCs by VMFs are checked for accuracy and submitted to the manager, regional Vehicle Services Branch; regional Director of Finance, and postmaster. The director and the manager review discrepancies and, when excessive, initiate corrective action.

537 Records and Control

537.1 Vehicles

Accounting control of vehicles is effected by motor vehicle asset and accumulated depreciation general ledger accounts supported by detailed master records maintained at each servicing PDC.

537.2 Supplies

Accounting control of motor vehicle supplies inventory is effected by a general ledger control account and subsidiary ledger accounts for each VMF concerning gasoline, oil, parts, and material.

537.3 Maintenance

Control accounts for repair, maintenance, and operation of vehicles are identified by cost suffix/account codes and included in general ledger accounts on an accrued cost basis according to accepted accounting practice. Formal subsidiary ledgers are maintained. Regionwide vehicle maintenance cost reports are generated and reconciled with the corresponding general ledger accounts.

537.4 Documentation

Supporting documentation for acquisition, transfer, disposal, and inventory of vehicles, supplies, and parts is maintained by the servicing PDCs.

540 Inventory Accounting

541 Policy

541.1 General

.11 Inventory covers:

a. Any class or group of raw materials used to manufacture or repair mailbags, locks, keys, in-process material, and finished goods.

b. Supplies or parts used to repair and maintain USPS vehicles and equipment or to operate USPS installations.

c. Capital equipment stocked at supply centers for subsequent use by postal installations.

.12 Inventories stocked at supply centers, mailbag repair centers, VMFs, and mail equipment shops (MES) are subject to inventory accounting and records maintained under monetary control. Inventories maintained at post offices and area maintenance offices are *not* subject to inventory accounting. (See 430 for VMFs.)

541.2 Objectives

The objectives of inventory accounting are to (a) maintain, control, and account for inventories as USPS assets; and (b) charge operating expense when inventory is issued to a requisitioning organization not subject to inventory accounting.

541.3 Responsibilities

.31 Headquarters

.311 The Accounting Division, Finance Department. Develops inventory accounting system concepts, policy, requirements, and procedures.

.312 The Procurement and Supply Department, Administration Group:

a. Establishes and maintains the National Supply Management Program.

b. Sets policies and procedures related to overall inventory management, including procurement, receipt, storage, control, and shipment of inventory items.

c. Provides administrative and technical guidance to supply centers, mailbag repair centers, and MES as follows:

(*1*) Area Supply Centers—receive, store, control, ship and dispose supplies and non-capital equipment, repair parts for USPS vehicles and equipment, and capital equipment inventory. The Data Automation Division, Western Area Supply Center maintains detailed subsidiary inventory control records in the Inventory Accounting Computer System pertaining to all inventory transactions at both Eastern and Western supply centers.

(*2*) Mailbag Repair Centers—receive, store, control, ship and dispose parts and materials procured or transferred from supply centers or MES for repair of mailbags. Maintain detailed subsidiary inventory control records to support the general ledger.

(*3*) MES—receive, store, control, and dispose parts and material procured for the manufacture of mailbags, locks, keys, etc., and in-process inventory. Maintain detailed subsidiary inventory control records to support the general ledger.

.32 PDCs

.321 PDCs maintain the general ledger inventory control accounts and reconcile general ledger accounts with subsidiary records maintained by supply centers, mailbag repair centers, and MES.

.322 The New York PDC maintains the general ledger accounts for supply centers, MES inventories, and the Edgewater, NJ Mailbag Depository Repair Center.

.323 The Minneapolis PDC maintains the general ledger accounts for the Chicago, IL Mailbag Depository Repair Center.

542 Valuation

542.1 Purchases

In general, inventory items acquired by purchase are recorded in both the general ledger and supporting inventory control records at gross cost less trade or volume discounts.

542.2 Donations

Inventory items acquired by donation are recorded at the estimated market purchase price.

542.3 Transfers

.31 Inventories transferred from a government agency to the USPS without charge are recorded at the agency's original cost.

.32 Inventories transferred between supply centers, mailbag repair centers, and VMFs are valued at the average unit price.

.33 Inventories transferred from the MES are valued at the latest purchase price or standard cost.

542.4 Shipping Cost

When paid separately from purchase orders, transportation costs incurred during shipment of inventory items are charged directly to expense.

543 Funding

543.1 Headquarters

Supply center inventories are funded and procured under one budget authorization code. Each Headquarters organization is responsible for funding inventory items related to its operations when it represents:

a. Initial inventory of new items not previously stocked at supply centers.
b. Increased inventory levels of items currently in supply center inventories.
c. Headquarters controlled items not placed in automatic resupply status.

543.2 Supply Centers

Automatic stock replenishment is funded by supply centers.

543.3 MES/Repair Centers

Inventories stocked at the MES or mailbag repair centers are funded against their own operating expense budget authorization codes.

544 Records and Controls

544.1 General Ledger

Accounting control is effected by inventory control accounts in the general ledger. A separate inventory account is assigned for:

a. Work in process—MES
b. Supplies and parts inventory—MES
c. Postal supplies inventory—Supply centers
d. Repair parts, postal equipment—Supply centers
e. Motor vehicle parts—Supply centers
f. Capital equipment—Supply centers
g. Mailbag repair center inventory—Repair centers
h. Bulk mail center inventory—BMCs
i. Motor vehicle supplies—VMFs

544.2 Subsidiary Control

.21 Mailbag repair centers maintain subsidiary inventory control records on an average unit cost basis to support the general ledger account.

.22 The MES maintains subsidiary inventory control records at the latest purchase price or standard cost.

.23 The Data Automation Division, Western Area Supply Center, maintains subsidiary inventory control records on an average unit cost basis through the Inventory Accounting Computer System to support the supply center inventory general ledger accounts.

544.3 Documentation

All accounting transactions to acquire, issue, transfer, and dispose of inventory items are supported by invoices, receiving reports, requisitions, and other necessary documents. They are recorded in both the general ledger accounts and the subsidiary inventory control records. Documentation supporting the entries to the general ledger accounts and subsidiary inventory control records is maintained by the servicing PDCs, supply centers, mailbag repair centers, and MES.

545 Physical Inventories

545.1 Annual inventories are conducted by supply centers, mailbag repair centers, and MES to substantiate accounting records. A 100% physical inventory is performed for (a) supplies and capital equipment stocked at supply centers, and (b) mailbag repair center and MES inventories.

545.2 Motor vehicle and repair parts stocked at the Western Area Supply Center are inventoried on a sample statistical count basis. Sampling results are reviewed to determine the statistical accuracy of the inventory value.

546 Reconciliation

546.1 Inventories are reconciled with the inventory control records by the area supply centers, mailbag repair centers, and MES. Records are adjusted for discrepancies. Adjustments are approved by the manager of the applicable organization or designee and submitted to the supporting PDC to record in general ledger accounts.

546.2 Area supply center inventories are computerized in the supply center inventory accounting system. Inventory adjustments are processed through the system for restating general ledger account balances and subsidiary inventory control records.

546.3 MES revalue operating supplies and materials inventory based on the latest purchase price and in-process inventory based on the latest standard cost. The new inventory values are submitted to the New York PDC to adjust the general ledger accounts.

Chapter 6
Accounts Payable—Domestic Settlements

610 Policy

611 General

611.1 Description. Accounts payable are the balance due to creditors on open accounts. The accounts payable system provides for verification of charges for material received, assures that charges are properly authorized, material received or service rendered, and payments are made promptly.

611.2 Payments. The USPS maintains centralized payment functions at the St. Louis and New York PDCs. Decentralized payments are made through the Minneapolis, San Bruno, and New York PDCs. (See subchapters 630 and 640.)

612 Objectives

Primary objectives of the system are to:

a. Generate accounting data for the general ledgers.

b. Record amounts authorized and committed in advance of delivery in the proper commitment accounts.

c. Transfer amounts from commitment to expense, inventory, or capital accounts on receipt of material or services.

d. Record accruals and commitments in each accounting period.

e. Prepare reports for management and other users.

f. Pay vendor invoices promptly to earn cash discounts.

613 Responsibilities

613.1 Headquarters. The General Manager, Accounting Division, Finance Department:

a. Establishes and maintains an accounts payable system that conforms with generally accepted accounting principles and standards.

b. Coordinates policy decisions and implements changes.

c. Assures that the system complies with regulations of:

(*1*) General Services Administration (GSA)
(*2*) Bargaining agreements
(*3*) Civil Aeronautics Board
(*4*) Department of the Treasury
(*5*) Postal Contracting Manual (PCM-41)
(*6*) Interstate Commerce Commission

d. Makes policy decisions for the accounts payable system. This authority may be delegated to the Manager, Postal Accounting Branch, Accounting Division.

613.2 PDCs. Each PDC Director executes Headquarters policy. This authority may be delegated to:

a. General Manager, Processing and Control Division.

b. Manager, Accounts Payable Branch.

c. Manager, Contractual Services Branch.

d. Manager, Contract Procurement and Review Branch, New York PDC.

e. Manager, International Accounts Branch, New York PDC.

620 Commitment and Accrual Accounting

621 Commitments

Control of commitments is not only required by law but is essential to the effective use of funds. Commitments incurred in advance of expenditures (resources on order) are identified in the same detail as accounts maintained on an accrual basis. Accounts identify the commitment by budget authorization and postal installation, and category of expense or asset to be charged on receipt. Accounts state at the end of each accounting period and fiscal year the total amount of uncommitted funds, and total amount of goods and services on order.

622 Accruals

The general ledger is maintained on a accrual basis according to generally accepted accounting principles and standards. The ledger is modified only when the benefits to be derived from *full* application of accrual do not justify the added expense of determining the amounts to be recorded.

630 Centralized Payments

631 New York PDC

631.1 Headquarters Procurements

Headquarters procurements for supplies, services, and equipment are usually processed by the Contract Procurement Review Branch, New York PDC, using commitment procedures.

631.2 Government Bill of Lading (GBL)

A GBL is used (a) to pay freight charges for shipments by common and contract carriers, and (b) as a written receipt for goods. Charges are recorded under the commitment method of accounting for freight on motor vehicles and capital equipment purchases. Freight on supplies (expense items) is charged directly to expense when the GBL is paid.

631.3 Vehicle Purchases

Most USPS vehicles are purchased through agreements with GSA. Vehicles are delivered by the manufacturer according to the terms of the contract. All purchases are processed through commitment accounting. Payments are made through the Simplified Intragovernmental Billing and Collection System (SIBAC) with the Department of the Treasury.

632 St. Louis PDC

632.1 Responsibility

The St. Louis PDC processes payments and maintains records concerning all USPS installations for the expenses shown here.

632.2 Rents, Leases, and Contract Stations

Real Estate and Buildings Department, Administration Group negotiates, awards, commits, executes, revises and terminates lease and rental agreements for properties used by USPS and for which authority has not been delegated to the region or district field real estate and buildings offices. Input is provided to the St. Louis PDC which will generate accounting of expenses. Input is also provided to produce payments and special management reports.

632.3 Job Cleaners

Upon approval, contracts for job cleaner service are paid automatically at the contract rate on a biweekly basis. Incomplete service in a pay period is indicated on a prepunched exception card by the responsible postmaster. Exception cards are edited and processed to reduce or void payment. New exception cards are sent to post offices to replace those used. The master record is maintained for vendor additions, terminations, and changes.

632.4 Contracts for Vehicle Hire and Special Delivery Messenger Equipment Maintenance (SDMEM)

Vehicle hire and SDMEM services are the use of privately owned vehicles, obtained through competitive bidding, in city delivery and collection services. Payments are approved by the postmaster and made by the St. Louis PDC. Accruals for vehicle hire and SDMEM are recorded by the St. Louis PDC for each region on the basis of actual payments made in the first week of each accounting period (for service during the third and fourth weeks of the prior accounting period).

632.5 Uniforms

Payments of allowance expenses are based on union bargaining agreements. Certified invoices are paid to the uniform vendor after deducting 4% administrative expense for handling direct payments. There are three different programs to cover eligible employees (described in ELM, Chapter 5). The programs are:

a. Uniform Allowance Program (ELM 582.11)
b. Contract Uniform Program (ELM 582.12)
c. Work Clothes Program (ELM 582.13)

632.6 Transportation

Expenses are paid and accrued according to completion of service. Types of transportation covered are:

a. Air Service. Payments for domestic air service are scheduled and issued weekly. Emergency payments are issued as necessary. Payments consist of rates established by the Civil Aeronautics Board, or by contract, plus 5% federal excise tax.

b. Highway Service. Payments are based on the terms of contracts made by Headquarters Operations Group, transportation management offices, and regions. Contracts cover annual routes, emergency routes, and unit rate routes.

c. Rail Service. Generally, payments are based on the rates negotiated with the railroads. This is a contract service to move mail in trailers or flat cars.

633 Federal Standard Requisitioning and Issue Procedures (FEDSTRIP)

FEDSTRIP is a GSA ordering system administered by GSA and utilized by USPS to procure supplies and equipment items. Collection for costs of FEDSTRIP purchases are made through the Simplified Intragovernmental Billing and Collection System (SIBAC) with the Department of the Treasury by GSA on the 22nd day of each calendar month. Procurement and payment policies are stated in joint agreements with GSA. Accounting for purchase costs is accomplished by processing data provided by GSA through a special FEDSTRIP system at St. Louis.

634 Indemnity Claims

634.1 Definition

Indemnity claims are those made for damage or loss to insured, cash-on-delivery, express, and registered mail.

634.2 Responsibilities

.21 Headquarters. The Office of Mail Classification, Rates and Classification Department:

a. Directs processing and management policy.
b. Acts as the final level of administrative appeal.
c. Considers any claim appealed by the claimant.

.22 St. Louis PDC. The PDC:

a. Processes, judges, and pays or disallows all domestic indemnity claims.
b. Develops and implements procedures necessary for efficient claims processing
c. Provides the Office of Mail Classification with reports essential to effective program management.
d. Develops and maintains the Standard Operating Procedures Manual that details the flow and processing of all claims. The manual, and changes, is submitted to the Office of Mail Classification for concurrence.

635 Project Authorization Control System (PACS)

PACS is a financial data base and accounting system that controls authorizations, commitments, and payments for (a) facility projects for all capital and expense items exceeding $2,000, and (b) fixed mechanization projects exceeding $2,000. The system is used to support entries to the general ledger accounts associated with facilities and fixed mechanization programs. The functional requiring organization is responsible for authorization and fund certification from its budget authorization plan for project/procurement.

636 Mortgage Payable

Mortgage payable is the principal and interest payment on a USPS owned building. Down payment is made through PACS and remaining monthly payments are administered by the Rent and Lease Section, St. Louis PDC, and comply with amortization schedules.

640 Decentralized Payments

641 PDCs

Decentralized payments are made through the Minneapolis, San Bruno, and New York PDCs for expenses shown here. San Bruno maintains (develops, tests, modifies, and updates) the decentralized accounts payable system and distributes computer programs to Minneapolis and New York. Maintenance and development requirements are handled by San Bruno according to instructions from the Headquarters Finance Department.

642 Travel

Policy and procedures are covered in Methods Handbook M-9, *Travel*. Payments are processed by one of the servicing PDCs after receipt of expense vouchers and supporting documents. Travel advances are authorized for employees on extended travel or relocation. Costs are charged direct to expense or accrued as required.

643 Imprest Funds

643.1 The purposes of the imprest fund are to:

a. Reduce excess paperwork by eliminating purchase orders and related documents, individual certified vouchers, and payments by Treasury check for small amounts. Supporting documentation and approval are required.
b. Provide a ready means of procuring infrequently needed items to eliminate stocking these items.
c Simplify the method of purchasing authorized items under regular procurement procedures.
d. Enable travelers to receive emergency travel advances and settle nominal local travel expenses.

643.2 Imprest funds are replenished by the servicing PDC after documents supporting the claim are prepared by the respective cashier. Costs are charged direct to expense at the time the PDC makes payment. Procedures are described in Handbook F-19, *Accountability of Disbursing Officers*.

644 Equipment, Supplies, and Services

644.1 Responsibility

The procurement of postal equipment, supplies, and services is initiated by contracting and procurement officials as directed by USPS policy.

644.2 Facility Supplies/Services (Other than Motor Vehicle)

.21 Forms. Form 7334, *Order-Invoice Voucher;* Form 7333, *Solicitation, Afford, and Award;* and related documents are submitted to the servicing PDC accounts payable branch. The PDC must account for costs recorded and make timely payments to designated vendors.

.22 Items. Procurement involves personal property (calculators, ADP equipment, desks, etc.), equipment rental, and other items used in daily postal operations. The PDC is responsible for accuracy of disbursements and for seeing that all necessary authorized supporting documentation is on file before any payments are made.

644.3 Motor Vehicle Services

.31 Forms. Form 7334 is used to procure bulk gasoline, oil, diesel, parts, and other miscellaneous equipment or supplies. Costs are committed and placed into inventory accounts or expense on receipt of goods. Form 4541, *Contract Work Order Invoice for Vehicle Repair*, is used for vehicle repairs (glass replacement, towing, etc.). Costs are charged direct to expense when payments are processed. All payments are processed by the servicing PDC.

.32 Credit Cards. Credit card purchases from commercial service stations for gasoline, diesel fuel, motor oil, minor repairs, and maintenance are accrued and charged to expense.

644.4 Utilities, Communications, Metered Fuel, and Trash Removal

The PDC accounts payable branch receives invoices for these items from offices that do not submit Statements of Account (Inspection Service, regional offices, BMCs, etc.). However, CAG-L offices submit invoices to their support PDC for payment.

644.5 Non-Metered Fuel

Non-metered fuel service is heating fuel. The PDCs disburse payment for individual purchases or deliveries when the total annual contract or cost of individual purchase exceeds $500. Purchases are charged direct to expense and/or accrued.

644.6 Car Rentals

When authorized, the cost of GSA or commercial vehicles used for administrative purposes is charged directly to expense. Payments for GSA vehicle rental are made through SIBAC. PDCs receive and review copies of related detail billings and charge the costs direct to expense of the using facility.

644.7 Printing and Reproduction

These requirements, whether placed with the Government Printing Office (GPO) or commercial sources, are decided by the Manager, Printing Division, Procurement and Supply Department, Headquarters. Invoices are submitted to the PDC for payment. Costs for printing and reproduction follow the commitment method of accounting, but payment for GPO printing is made through SIBAC.

644.8 Miscellaneous

.81 Charities/Unions. Payments to charities and unions are processed using the payable system. Certification is based on information/documentation received from the Payroll Systems and Control Branch.

.82 Other. Payments include such items as training and tuition fees, fitness for duty examination, and arbitrator costs. Provided specified documentation is received, payments are made or accrued and charged to expense.

645 Incentive Awards

The Federal Employees Incentive Awards Act authorizes payment of cash awards to employees who by suggestions, inventions, special achievements or other personal efforts, contribute to postal efficiency and improved operations. When the idea is approved for adoption, the servicing PDC pays the employee directly and charges the amount to expense.

646 Miscellaneous Claims

646.1 Explanation

There are several kinds of claims handled by decentralized payments. These do not include liability for accountable loss (covered in 830). Three of the major claims are described here.

646.2 Back Pay Claims

.21 A payment due a current or former postal employee is handled as a back pay claim. To initiate a back pay award, the employee must be in a non-pay-non-duty status as a result of an adverse action (suspension or removal).

.22 Through an appeal procedure, such as a grievance, an employee may be retroactively reinstated and entitled to back pay.

.23 The Claims Section of the servicing PDC gathers the required documentation and coordinates with the Payroll Systems and Control Branch for computation of back pay due. When the documentation is completed, the Claims Section processes the payment. (See ELM 436 for procedures.)

646.3 Deceased Pay Claims

.31 All unpaid compensation due an employee at the time of death is paid to the survivor(s) in the order of precedence (5 USC 5582). Unpaid compensation is the pay and allowances due for the performance of services.

.32 On receipt of a Form 50, *Notice of Personnel Action*, reporting an employee death, the responsible PDC Claims Section gathers necessary documentation from the Payroll Systems and Control Branch and processes payment to the specified survivor. Form 1099, *Notice to Return Keys*, is issued for all deceased payments following the close of each calendar year.

646.4 Waiver Claims

.41 Form 3074, *Request for Waiver of Claim for Erroneous Payment of Pay*, may be initiated by a current or former employee seeking relief from debts arising from overpayment. The USPS is authorized to waive (forgive) the collection of a debt when collection is against equity and good conscience, and not in the best interest of USPS.

.42 The responsible PDC judges cases totaling the gross amount due up to $1,000. When the gross amount exceeds $1,000, adjudication is performed by Headquarters. (See ELR 437 for procedures.)

647 Administrative Tort Claims

647.1 Description

A tort is a wrongful act, injury, or damage (not involving a breach of contract) for which a civil action can be brought. The USPS's responsibility is to consider, adjust, decide, compromise, or settle any claim for money damages against the Postal Service. This includes loss or damage of personal property, personal injury, or death caused by employee negligence or wrongdoing while acting within the scope of his employment. (See guidelines in Handbooks M-44, *Tort Claims*, and M-19, *Accident Investigations*, and the Postal Service Manual, 251.)

647.2 Sources

The most common sources of tort claims are:

a. Motor vehicle accidents.

b. Falls in and around buildings leased, owned or otherwise occupied by the USPS.

c. Accidents caused by tripping over exposed mailbox anchor bolts.

d. Accidents resulting in injuries caused by an unanchored mailbox.

647.3 Adjudication

The amount and type of claim filed determines where the claim is adjudicated. The San Bruno, Minneapolis, and New York PDCs use the regional counsels and Headquarters Law Department for guidance on technical problems. Responsibilities for judging claims are:

a. Headquarters Law Department—All claims over $5,000.

b. Inspection Service—Injury claims from $1 to $5,000. Damage claims over $1,000 to $5,000.

c. Servicing PDC—Damage claims from $1 to $1,000.

647.4 Payments

The servicing PDC (Claims Section, Accounts Payable Branch) processes and pays all tort claims and advises claimants on denials. Payments are charged direct to expense.

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Chapter 7
Accounts Payable—International Settlements

710 Policy

711 General

USPS conducts postal business with all other countries. International accounts are settled according to specific regulations stipulated by postal unions. The New York PDC, International Accounts Branch, handles all settlements (except international money orders) involving other countries and acts as agent for U.S. airlines in collecting debts. The settlement process is aided by the submission and mutual acceptance of periodic General Statements of Account between the USPS and foreign countries. Settlement assistance is requested from the State Department when foreign countries either refuse, or are unable, to honor their debts to USPS. (See Handbook F-32, *International Accounts* for detailed explanations.)

712 Objectives

Postal unions have been formed by groups of countries for the purpose of organizing and improving postal services and for the promotion of international cooperation in the postal sphere.

713 Regulations

713.1 Publication 42

In addition to provisions of postal union conventions (rules), the Postal Service is subject to requirements in Publication 42, *Directory of International Mail.*

713.2 Federal Aviation Act of 1958 (Public Law 85-726)

This Act governs international mail service by U.S. air carriers outbound from the U.S. Advance payments to carriers and settlements with foreign countries for airmail service are authorized in 39 USC 2602.

713.3 Revolving Fund

.31 This fund was established by Congress for the purpose of advancing payments to U.S. international air carriers for airmail services performed for other countries, subject to collection and redeposit to the fund (PL 91-375; reestablished under Postal Service Appropriation Act, 1976).

.32 The USPS acts only as agent for air carriers in payments from the revolving fund. Reimbursement to carriers is in the amount received by the USPS, regardless of the method of valuation or monetary gain or loss. Payments are made on the basis of carrier billing, subject to adjustment after collection is received from the foreign country.

713.4 Vessels

Transportation of mail by vessel is covered in 39 USC 56 and PL 91-375 (Act of August 12, 1970). *The Postal Contracting Manual* covers contracts for mail transportation by vessel (PCM 41, Section 19, Part 5).

720 Agreements

721 Universal Postal Union (UPU)

721.1 Governing Rules

The UPU Convention establishes the rules governing the exchange of Postal Union mail among member countries, and prescribes maximum and minimum limits within which each country may set its own international postage rates. Postal Union mail means letters, post cards, printed matter, small packets, and matter for the blind.

721.2 Member Countries

Member countries, or their postal administrations, may establish restricted unions and make special agreements concerning the International Postal Service. But they must not introduce provisions less favorable for the public than those stipulated in the Acts to which the member countries concerned are parties.

721.3 UPU Headquarters

The International Bureau of the Universal Postal Union is located at UPU headquarters in Berne, Switzerland. The Bureau is managed by a director general and supervised by the Government of the Swiss Confederation. This central office serves as liaison for information and consultation to postal administrations.

722 Postal Union of the Americas and Spain (PUAS)

This union consists of 24 member countries of the western hemisphere and Spain. The purpose and functions of the PUAS are the same as those of the UPU with respect to relationship with member countries. Member countries agree to the provisions of the PUAS Convention by signing the Convention.

723 Bilateral Agreements

The USPS also enters into bilateral agreements with other countries for specific types of service. Among the details included in the agreements are requirements for dispatching, reporting, rates, billing, and settlements.

730 Mail Service Categories

731 Airmail Services

731.1 U.S. Carriers

.11 Civilian Mail Outbound.

This is the transportation of mail of either U.S. or foreign origin by U.S. carriers from U.S. exchange offices to foreign points. (Exception: This category does not include mail destined for U.S. military installations on foreign soil).

.12 Civilian Mail Inbound

This is service performed by U.S. carriers for other countries in transporting mail from those countries to exchange offices in the U.S. (Exception: This category does not include mail dispatched from U.S. military installations abroad.)

.13 Military Mail Inbound and Outbound.

This is the transportation of mail between military installations in other countries and between U.S. exchange offices and those installations.

731.2 Foreign Carriers

.21 Description

This is the transportation of U.S. mail by foreign airlines from the U.S. to foreign countries or from intermediate points to ultimate destinations. When the U.S. commercial carriers do not provide a satisfactory service schedule, special agreements are made to transport U.S. mail via foreign airlines. The USPS makes settlement with either the foreign carrier or the postal administration that it represents.

.22 Foreign Carrier Settlements

The current policy is to settle all airmail accounts through postal administrations. (Exception: When the foreign postal administration requests direct settlement with the foreign airline and the USPS agrees, negotiations are made by the Office of International Postal Affairs.)

.23 Foreign Postal Administration Settlements

Complying with UPU provisions, the USPS settles with the postal administrations of the respective countries for all airmail service performed for the U.S. by foreign airlines.

731.3 Internal and Forwarding Service

.31 Definitions

Internal Service is the handling and delivery of airmail in the country of destination. *Forwarding Service* is the onward dispatch and transportation of foreign origin airmail destined for delivery in another country.

.32 Inbound

On inbound airmail for delivery in the U.S., the USPS assesses an internal charge by gross weight to cover internal air conveyance costs. On inbound airmail sent via the U.S. but destined for delivery in another country, the USPS assesses a forwarding charge to cover onward air conveyance costs. For closed transit mail, the charge is based on gross weight; for open transit mail the charge is based on net weight.

.33 Outbound

Other countries assess internal and forwarding charges on U.S. origin mail on the same basis used by USPS in assessing these charges.

732 Maritime Services

732.1 Description

Maritime services are the transportation of U.S. mail by both U.S. and foreign steamship companies from U.S. and possessions to foreign points and between U.S. and possessions. This includes mail transportation and handling by contractors on a per container or per pound rate by sailing.

732.2 Steamship Lines

There are approximately 125 steamship companies, both U.S. and foreign, engaged in the transportation of U.S. mail. With the exception of rate calculations, the same general procedures are followed to determine services performed and related amounts payable to both U.S. and foreign carriers. Direct settlement is made with all lines.

733 Transit Services

733.1 Description

Transit service is the movement of mail of foreign origin through and beyond a country by either land or sea transportation. Other countries of origin pay the U.S. for transit service on mail dispatched through this country. The U.S. in turn must pay other countries for transit service performed on U.S. origin mail dispatched through those countries.

733.2 Military Mail

The USPS pays France, West Germany, Greece, Italy, and The Netherlands for overland transit of U.S. Air Force and U.S. Navy mail.

734 Parcel Post Services

734.1 Bilateral

International parcel post service affecting the U.S. is performed under bilateral agreements between the U.S. and other countries. The U.S. is not a member of the Parcel Post Agreement of the UPU.

734.2 Terminals

The U.S. assesses terminal charges on inbound parcels by net weight to cover internal conveyance, sorting and delivery costs. Other countries assess the U.S. terminal charges on our outbound parcels on either a net weight basis or on a parcel count per weight step basis.

734.3 Transits

The U.S. assesses transit charges on inbound parcel dispatches sent via the U.S.—for delivery in another country. These charges cover the costs for the land and sea conveyance of these dispatches. Other countries apply similar charges to U.S. origin mails for which they provide transit services.

734.4 Rebuts

The U.S. assesses rebut charges for the return of undeliverable parcels to the country of origin.

734.5 Indemnities

The U.S. pays indemnity claims on behalf of the responsible country to senders in the U.S. for the loss, damage or rifling of their insured parcels, and charges other countries for these payments when they are responsible. The U.S. is also charged by other countries for indemnity claims paid to senders in those countries when the U.S. is the responsible country.

735 International Express Mail

This service is growing and as a result a separate system of accounting for International Express Mail is evolving. This service is established by separate bilateral agreements.

740 Other Services

741 Reply Coupons

International reply coupons are sold to customers in one country for the use of customers in another, for purchase of postage stamps. Coupons are returned to the selling administration annually or bi-annually by the redeeming country for reimbursement at a specified rate of centimes per coupon.

742 Money Orders

742.1 Bilateral

The exchange of money orders between the U.S. and other countries is conducted under bilateral agreements and conventions concluded by the USPS.

742.2 International

International money orders are issued only by authorized post offices on a distinctive international money order form. These forms are forwarded by the issuing postmasters to the Money Order Division, St. Louis PDC. Purchasers are given money order stubs as receipts. The orders are recorded and forwarded to the designated countries for payment. Foreign issued orders are reissued by the Money Order Division and forwarded to payees in the U.S.

742.3 Domestic

Domestic money orders are exchanged between the U.S. and a limited number of neighboring countries and islands. These orders are forwarded directly by the purchaser to the payee. Settlement of accounts is based on orders paid rather than on orders issued.

750 Terminal Dues

751 Authority

Article 53 of the UPU convention, held at Lausanne, Switzerland in July 1974, provides that each administration which exchanges mail by air or surface has the right to collect from the dispatching administration a payment for costs incurred for the excess international mail received.

752 Surface

Charges may be based on the triennial statistics taken in connection with the open transit count or on actual weights. Mail counts are for LC and AO dispatches.

753 Air

Terminal dues were not assessed on airmail until January, 1976 (Lausanne Convention). These dues are currently based on the imbalance of actual weights of LC and AO dispatches received and dispatched between countries, although we have bilateral agreements with a number of countries to establish airmail imbalances on a statistical basis.

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Chapter 8
Accounts Receivable

810 Policy

811 General

811.1 Definition

Accounts receivable are balances due from debtors on open accounts.

811.2 Conditions

.21 When receivables are created (defaults on contracts, sale of USPS property, etc.) the proper charge must be accurately recorded and collection efforts prompt. These receivables must be properly presented and disclosed in USPS financial statements.

.22 The USPS does not grant credit or create receivables for postage because postage is prepaid, with the exception of mail sent by U.S. Government agencies and foreign governments.

812 Objective

The accounts receivable system was developed to maintain control over billings issued and revenues collected by the USPS.

813 Responsibilities

813.1 Headquarters

.11 Finance Group

.111 Accounting Division, Finance Department:

a. Initiates revisions when major program changes occur or data processing methods and accounting control procedures are revised.

b. Refers questionable cases of fact or law to the General Manager.

c. Transmits money upon receipt, properly documented, to the New York PDC for deposit under the accounts receivable system.

.112 General Manager, Accounting Division:

a. Provides administrative coordination and technical assistance to interpret and apply policy decisions within the accounts receivable program.

b. Gives processing instructions on questionable cases or refers them to the Law Department.

.12 Inspection Service

Losses that require investigation and determination of amount are inspection cases (damaged or missent mail, failure to collect or remit cash-on-delivery funds, etc.). When the Inspection Service writes a claim and the loss is not collected immediately, an account receivable is established and recorded by the PDC. Collection actions on these cases are handled solely by Inspection Service personnel. When requested, the PDC assists in collecting outstanding amounts due the USPS.

.13 Law Department

Review and guidance are furnished by the Law Department on doubtful cases of fact or law at the request of the General Manager, Accounting Division. This includes cases arising from default or dispute on contracts made by the USPS. When legal action can be initiated by the USPS to effect collection, the Accounting Division is advised that action is contemplated.

813.2 PDCs

.21 Directors

Through the general accounting section, postal accounts branch, each PDC Director establishes and maintains control over accounts receivable originating within assigned regional areas. The director does not respond to any legal documents unless authorized by the Law Department. If a debtor institutes a lawsuit concerning an account receivable, all PDCs, forward the entire case to the General Manager, Accounting Division, for review and submission to the Law Department. Except for collection from current postal employees, demands for payment are made directly to the debtor. All cash received at any PDC is recorded in the accounts receivable system for control purposes.

.22 St. Louis

The St. Louis PDC records all money order activity and accounts receivable resulting from centralized accounts payable transactions.

.23 New York

The New York PDC records accounts receivable initiated by the Accounting Division and handles international accounts with foreign countries (except money order settlements).

813.3 Post Offices

.31 Assistance

Postmasters provide collection assistance to the PDC on receipt of a properly signed USPS bill or letter of request.

They are required to assist current employees make arrangements with the PDC to repay debts.

.32 Audits

Amounts disclosed during audit of postmaster accounts or claims for physical losses that are subject to charge remain in the accounts until collection is made or the postmaster is advised by the PDC of corrective action.

.33 Accountable Items

Postmasters collect and account for the following items unless referred to the PDC Director for further collection effort:

a. Proceeds from the correction of mailing lists and sales of waste paper, twine, dead newspapers, magazines, and other printed matter.

b. Proceeds from undeliverable perishable matter and sales of dead parcel post.

c. Jury and witness fees.

d. Collections for damages caused by a private party or an employee to USPS vehicles, equipment, or buildings.

e. Proceeds from sales of postal vehicles and excess equipment.

813.4 Other Postal Installations

Officials in charge of all other postal installations provide collection assistance to the PDC on receipt of a properly signed USPS bill or letter of request. They must assist current employees make arrangements with the PDC to repay debts. All cash collected in this manner is forwarded through the mail to the support PDC with proper documentation for deposit because a bank account is not maintained by this type of office. Cash transfers of significant value must be adequately controlled.

820 Categories

821 Erroneous Payments

821.1 Erroneous payments (to vendors, contractors, personnel, etc.) are occasionally disclosed in PDC operations by certifying officer, disbursing officer, auditors, or the recipient. An account receivable billing is prepared by the unit initiating payment action, and signed by the certifying officer.

821.2 When an erroneous salary payment was issued, but not collected by adjusting subsequent pay, an account receivable is established.

821.3 When an amount due totals $10 or less, billing is established, but not recorded in a general ledger account until the debt is collected. If payment is not received within 30 days, the amount is declared uncollectible to prevent excessive collection costs.

822 Defaults on Contracts

When a contractor has defaulted on a contract, the contracting officer determines the severity and computes the excess cost caused by default. All supporting documents are transmitted to the support PDC to establish an account receivable.

823 Money Orders

Accounts receivable are established for duplicate or incorrect money order payments and altered or stolen money orders.

824 Sale of USPS Property

Records showing the sale of USPS property and supplies are furnished to the support PDC and are the basis for the establishing an account receivable.

825 Services to Government Agencies

Accounts receivable are established based on services to government agencies under reimbursement agreements. Types of services:

a. Sale of U.S. Savings Bonds.

b. Communication (joint switchboard services).

c. Gas, oil, vehicle supplies, and services.

d. Shared rental space.

e. Joint health units.

f. USPS employees on reimbursable loan to government agencies.

g. Sale of migratory bird stamps.

h. Official Mail use.

826 Loss or Damage to USPS Property

Accounts receivable are established for loss or damage to USPS property against USPS employees, private parties, and also, through the Vehicle Warranty Repairs Program, based upon documentation furnished to the support PDC.

830 Collection Practices

831 Methods

The USPS initiates action to collect or settle claims for money or property arising out of its activities. Methods are:

a. Demand payment in writing.
b. Contact debtor's employer.
c. Collect by Setoff.
d. Collect in installments.
e. Settle by compromise.
f. Transfer claim to Department of Justice for litigation.
g. Terminate or suspend collection action when in the best interest of USPS.

832 Involuntary Collection

832.1 Debts Due USPS

.11 Nonemployee Debtor

When a nonemployee debtor refuses to make voluntary arrangements to pay debts due the USPS, collection is made through involuntary setoff against any amounts due the debtor by the USPS. Setoff is made of a debt to the USPS arising under a contract, even though the debtor has assigned the right to receive payments to a third party.

.12 Employee Debtor

.121 The USPS does not withhold from an employee's current pay without his approval amounts for any claim other than erroneous payments, Internal Revenue Service levies or, when advised by legal counsel, certain garnishments or attachments. The USPS collects an erroneous salary payment by deducting installments from an employee's subsequent pay. If the overpayment was caused by an administrative error, the employee may apply for waiver of the claim. (See 840.)

.122 Deductions are taken only from gross base pay in the amounts shown:

a. Current Employee. Deductions are not usually authorized in excess of one-fourth of pay, and are limited to a maximum of two-thirds pay.

b. Separated Employee. More than two-thirds pay may be deducted only when it is necessary to complete collection before an employee's separation. If the employee has already left the Postal Service or is now being separated, the entire debt may be deducted from any amounts due the employee.

832.2 Debts Due Other Government Agencies

.21 Internal Revenue Service (IRS)

Upon receipt of an IRS Form 668-A, *Notice of Levy,* the USPS withholds the amount of the levy from an employee's pay and remits it to the IRS.

.22 Other Agencies

.221 Employee Debtor

The USPS cooperates and assists in the collection of debts arising through the activities of other agencies after an agency has attempted all other methods of collection. When a request for assistance is received from another agency to which an employee is indebted, the employee's installation head will attempt to work out an arrangement with the employee to make voluntary payment to the creditor agency. The USPS will not make an involuntary collection from an employee's current pay to satisfy a claim of another agency (except IRS) unless notice is received from that agency that the General Accounting Office has raised a charge against or disallowed a credit to the certifying officer or disbursing officer who made the payment resulting in employee indebtedness. Any debt due another agency may be deducted from the final salary, lump-sum leave, or other payments due an employee after separation.

.222 Nonemployee Debtor

The USPS will cooperate with other government agencies in making collection of a debt due an agency by a non-USPS employee. There is no statutory limit on the amount that may be withheld from any current payment to a party who is not a USPS employee.

840 Financial Liability

841 Overpayment of Pay Claims

841.1 Definition

Pay means salary or wages for personal services and includes compensation for overtime, night-shift differential, Sundays and holidays, annual and sick leave, and severance payments. It does not include payments for travel and transportation costs, or transportation of household goods or other relocation expenses.

841.2 Special Conditions

.21 USPS Option. Collection of a claim by the USPS against an employee or former employee because of salary overpayments may be waived in whole or in part when it is in the best interest of USPS.

.22 Claim Irrelevant. Claims for overpayments resulting from the USPS policy of advancing annual leave at the beginning of the calendar year are not considered for waiver since these are not administrative errors.

841.3 Waiver Requirements

Before a claim is considered for waiver, it must meet these requirements:

a. The claim resulted from an overpayment caused by administrative error to a current or former employee, generally in connection with a personnel action.

b. The request for waiver is received by the USPS within 3 years immediately following the date when the overpayment was disclosed.

c. There is no indication of fraud, misrepresentation, fault, or lack of good faith on the part of the employee or anyone else with an interest in obtaining a waiver.

841.4 Waiver Denied

Fault on the part of the employee is determined by analyzing the facts in each case. Any significant unexplained increase in an employee's pay should cause a reasonable individual to question the accuracy of the paycheck. When the current or former employee fails to bring the matter to the attention of appropriate officials, the employee is considered at fault and the waiver is denied.

842 Accountable Loss Claims

842.1 Waiver Requirements

.11 Postmasters/Installation Heads. Each postmaster must conscientiously enforce USPS policies, programs, regulations, and procedures in managing the post office to prevent the loss of accountable items and funds.

.12 All Personnel

All employees assigned accountable items or funds are strictly responsible for them.

842.2 Waiver Granted

When investigation of accountable financial loss shows that the postmaster or other responsible employee exercised reasonable care in performing duties, they are relieved of the full amount of loss.

842.3 Waiver Denied

When investigation fails to establish that the postmaster or other responsible employee exercised reasonable care, they are charged with the full amount of loss. When two or more employees are jointly liable, no attempt is made to allocate the burden of repayments between them. However, the amount collected from one or more must not exceed the total loss.

842.4 Other Solutions

.41 Settlement

When the postmaster or other employee is charged with a loss, the USPS may choose to compromise, release, or wholly or partially discharge the claim for reimbursement (as USPS considers just and expedient.)

.42 Action

Regardless of financial claims against a postmaster or other personnel, the regional official may reassign the employee or take disciplinary action. Reassignment or disciplinary action may be taken whether or not money is collected from the debtor employee.

850 Official Mail Program

851 Definitions

Official mail consists of penalty and franked mail authorized by law to be transmitted *without* prepayment of postage:

a. Penalty Mail. Mail relating exclusively to the business of the Government of the United States mailed by officers of the government, other than Members of Congress, and by other officials specifically authorized by law. It must bear on the cover the words *Official Business*, the name of the department or agency from which it is sent, and a statement of the penalty for unlawful use.

b. Franked Mail. Mail relating exclusively to the business of the Congress of the United States sent by the Vice President, Members of Congress, and other officials specifically authorized to use franked mail. It bears on the cover the autographic or facsimile signature of the authorized sender.

c. Equivalent Postage. The same amount that penalty and franked mail would cost if applicable postage were prepaid using postage stamps, meters, or other payment methods available to any individuals or organization.

852 Program Objectives

The Official Mail Program was established to collect equivalent postage at full subsidized rates from government agencies, and encourage economical mail use and management.

853 Authority

Section 3206 provides that Executive Branch departments/agencies and independent government establishments/corporations, must pay the equivalent amount of postage due, as determined by USPS, for penalty mail sent by or to them. Section 3209, quoted in part, provides that:

> . . . persons and government organizations authorized to use penalty mail shall supply all information requested by the Postal Service necessary to carry out the provisions of Chapter 32, Penalty and Franked Mail, as soon as practicable after request therefor.

Under this authority, the USPS will not hesitate to recommend or require improved methods of accountability when reimbursement is inadequate for services rendered.

854 Rate Application

854.1 Equal Treatment

It is the intent of the USPS to treat its customers equally, whether public or private, and maintain postal rate integrity among all customers. This requires collection of equivalent postage from the Federal Government.

854.2 Full Rates

The USPS concludes that Congress intends government agencies to pay postage equivalent to the full, unsubsidized rates. To conclude otherwise would require Congress to appropriate funds to the USPS to pay, in part, for postal services purchased by other agencies. This would disguise the true costs of operating the agency mail programs and complicate appropriation procedures.

854.3 GAO Concurrence

The policy of Congress in providing for rate ceilings and phasing was to ease the burden on the mailing public, not to ease the burden on the Department of the Treasury, since Treasury will pay in any event. The GAO upheld this conclusion and stated that, in its opinion, official mail is entitled neither to phasing nor to any *full rates* permanently set at subsidized levels (Decision B-114574, dated September 16, 1975).

855 Equivalent Postage Determination

855.1 Direct Accountability

This describes a number of postage payment methods where records of actual mail volumes or postage amounts are created before or at the time of mailing. These methods include official postage meters, bulk mailing statements, and other approved records. The amounts due as determined by these records are used, generally in combination with sampling results, to determine equivalent postage. Direct accountability is required for official mail when a preparatory action, such as presort, is part of the rate consideration (third-class bulk rate, presorted, etc.), and for all contractor use of official mail. Optional direct accountability techniques are approved for use by government agencies on request.

855.2 Sampling

This is the major method of determining equivalent postage. There are three sampling techniques based on substantial advantages and cost reductions for both mailer and USPS from the standpoint of handling, accessibility, distribution, and processing. The principal rule of these evaluations is economic feasibility. The USPS reserves the right to make on-site audits of all agency sampling techniques and results.

.21 Minimum Agency Sampling. By October 31 every year, each agency files with the USPS a copy of its procedures for sampling and estimating fiscal year totals. Unless other arrangements are authorized, complete counts of mail sent must be made during at least 2 weeks each year. Mail must be broken down by rate categories, with corresponding weights and postage. Sample weeks are selected randomly by USPS. One week is selected from the first 6 months of the fiscal year; the other week from the last 6 months.

.22 Broader Agency Sampling. Broader sampling is a unique system developed by a specific agency, with USPS approval, for measuring its mail volume while augmenting its internal controls. The USPS requires that all sample periods be randomly selected.

.23 USPS Sampling. The USPS randomly samples at the mail of all larger agencies, which were assigned identification codes. The USPS uses this data to determine penalty mail postage and for selected agencies and considers using it for billing other agencies upon request. This data will also be asserted for billing purposes if agencies fail to properly execute minimum sampling procedures.

856 Accounting Responsibility

Centralized accounting is used to determine and collect equivalent postage from the government. Collections, refunds, and records of accounting transactions associated with official mail are handled at Headquarters by the Accounting Division. Collections and refunds are not made for official mail by post offices; unless a government agency chooses to prepay and use regular commercial mail channels, post offices must submit all accountable documents relating to official mail to the Government Revenue and Examination Branch, Accounting Division. Documentation must comply with the Postal Service manual, (to be replaced by the Domestic Mail Manual), and related operational procedures. Proper execution of these procedures by local post offices is critical to protect official mail revenue accruing to the USPS.

Chapter 9
Planning, Budgeting, and Control of Funds

910 Policy

911 General

The financial policies for planning, budgeting, and control of funds are based on established USPS goals and provide for efficient operation practices and long-range investments.

912 Objectives

912.1 Operation planning and budgeting policies and practices are administered to (a) ensure prompt, reliable, and economical operations to provide postal services, (b) maintain USPS financial integrity, and (c) provide adequate working conditions for USPS employees.

912.2 Financial plans are developed for optimum allocation and maximum control of available USPS funds.

912.3 Principal Management Objectives, Supporting Objectives, and related plans and budgets are structured to comply with policies established by the Board of Governors and USPS management.

912.4 Budgets reflect planned results of realistic operation plans required to achieve financial objectives.

913 Responsibility

Finance Department, Finance Group, must (a) develop and administer policies and procedures pertaining to operational planning, budgeting, and control of USPS funds; and (b) coordinate operational planning and budgeting procedures with concerned headquarters organizations. Budgeting authority pertaining to appropriated funds is available each year for the specified government fiscal year ending on September 30.

914 Requirements

914.1 Office of Management and Budget (OMB)

The USPS is required under the Postal Reorganization Act (PL 91-375 as amended) to prepare and submit an annual budget program to OMB. This program must include estimates of financial conditions and operations for the current and ensuing fiscal years, and the actual results for the previous fiscal year. Statements required are:

a. Balance sheet.
b. Income and expense.
c. Analysis of equity.
d. Sources and application of funds.
e. Necessary supplementary data.
f. Estimates of operations by major activities, administrative expenses, and borrowings.

914.2 Board of Governors

The bylaws of the Board of Governors require USPS management to furnish 5-year budget plans. (See 930.)

920 Operation Plans and Budget Estimates

921 Planning/Budget Estimates

921.1 Development

Development of planning/budget estimates incorporates both short-term operational planning and budget estimates of financial requirements. These estimates are the responsibility of the manager requiring funds to accomplish or improve assigned functions. Estimates comply with the planning/Budget Call and Guidelines issued annually by the Finance Department.

921.2 Reporting

A calendar outlining reporting and other significant dates is updated annually and included in the call and guidelines. This reporting cycle contains sufficient time for the next level of management to analyze the development process and the final results of estimates.

921.3 Review

Management reviews estimates of operations and funding requirements to ensure that data is realistic and required funds are included for approved plans and programs.

922 Annual Financial Operating Plans

Annual plans are approved and issued to management of USPS components by the SAPMG, Finance Group; establish levels of approved funds; and grant reprogramming authority subject to approval by the Finance Department.

930 5-Year Plans

931 Financial Operations

A 5-year operating plan is based on (a) operation and finance policies established by the Board of Governors and the Executive Committee; (b) estimated revenues and 2-year operation plans, coupled with budgets and annual estimates for the following 3 years, associated with major programs to achieve objectives; and (c) resources required to accomplish plan objectives.

932 Capital Investments

A 5-year capital investment plan is developed by each region and Headquarters organization, using standard budgeting procedures, and submitted to the Finance Department for presentation to the Capital Investment Committee (CIC). The CIC recommends the program to the Postmaster General (PMG) for approval. *Individual* projects or procurements are not approved for commitment on the basis of approval of a 5-year plan. Capital investment policies administered by the RPMGs must be consistent with those approved by the PMG.

940 Control of USPS Funds

941 Exemption from Federal Laws

The USPS is exempt from all federal laws pertaining to budgets and funds, including expenditures in advance of appropriations (39 USC 410).

942 Certification of Funds Availability

Commitments and expenditures of funds are approved by authorized documents issued by the requisitioning organization to the contracting officer. Documentation signed by an authorized manager is official notification of funds availability. The contract is restricted to the dollar limitation on the authorization. Planning and budgeting is for a specified postal fiscal year.

943 Method of Control

Two types of plans are used to control USPS funds: (a) Annual Financial Operating Plans are budgeted, executed, and controlled on the basis of accrued expenditures, and (b) Capital Investments Plans are budgeted, executed, and controlled on the basis of commitments.

Appendix I
(14 Pages)
Financial Reports

This Appendix contains descriptions of financial reports issued by the Office of the Controller, Finance Department, pertaining to the following areas:

Section	Financial Area
A	General Accounting
B	Fixed Assets
C	Inventories
D	Accounts Payable
E	International Settlements
F	Payroll

The abbreviations used in the designation and frequency of issuance columns of the following sections are shown below:

Designation Column	
M	Manually prepared report
N/A	Not applicable because of payroll redesign efforts (program numbers in the new system were not final at the time this Manual was issued)

Frequency of Issuance Column	
S/A	Semi-annually
A	Annually
Q	Quarterly
A/P	Each accounting period
M	Monthly
P/P	Each pay period
D	Daily
W	Weekly
A/R	As requested
B/W	Bi-weekly

General Accounting

Section A

Title	Designation	Description	Frequency of Issuance
Statement of Financial Condition	SF220 and related Schedules	Assets, liabilities, and United States (U.S) Government equity	S/A and A
Statement of Income and Retained Earnings	SF221	Earnings and losses arising from operations, and an analysis of change in retained earnings	S/A and A
Report on Obligations	SF225	Obligations incurred by object classification	A/P
Accrued Expenditure Report	BA6727	Balances of receivable, payable, and budgetary accounts and accrued expenditures	Q and A
Summary of Financial and Operating Statements	M	Summary of United States Postal Service (USPS) financial and operating statements	A/P
Payroll Hours Summary Report	AAW10	Summary of payroll hours, dollars, and average hourly rate for all employees. Includes number of paid employees	A/P
Prior Fiscal Year Report	BV9600CO	Fiscal Year 1970 and prior revenues, expenses, and obligations	A/P
Number of Paid Employees	M	Total number of paid employees for the national and regional levels	A/P
Report of Federal Civilian Employment	SF113-A	Total wages, lump-sum payments, accessions, and separations payments paid to employees	
Payroll Report of Federal Civilian Employment	SF113-B	Paid employees total salaries and work hours broken down by part time, intermittent, and overtime categories	M
Geographic Distribution of Federal Payrolls	M	Total gross salaries for all employees by individual states	A
Report on Veterans	CSC Form 113F	Number of veteran appointments based on veterans' preference eligibility	M
Analysis of Balance Sheet Cash	M	Classification of cash by category, and analysis of changes in cash	A/P
Employment of Physically Handicapped—Report of Assessions by Job Designation	POD Form 1318	Number of appointments by craft and type of disability	Q
Retirement Eligibility Report	M	Number of employees eligible for retirement	Q
Report on Allotments for Employee Organization Dues	M	Summary of union dues collected from designated payrolls during the year	Q
U.S. Government Payroll Savings Plan	M	Number of employees purchasing U.S. Savings Bonds, and amounts alloted for purchases	S/A
Leave Liability Report	M	Actual dollar value and number of hours of annual and sick leave by craft and region	A
Domestic Airmail Service Obligations	M	Ton-miles and mail pay by carrier	A and Q
Statement of Higher Level Pay	M	Payments (and hours) to employees temporarily in higher level positions	A/P
Descending Adjusted Revenues CAG A-G Offices	ADG040CO	First class office revenues in descending order	A
Heavy Duty Rural Route Cost Changes	M	Changes in rural route costs for the year	A

Section A—*Continued*

Title	Designation	Description	Frequency of issuance
Annual Motor Vehicle Report	SF82	Fleet costs for the year broken down by types of vehicle	A
National Summaries, Vehicle Maintenance Cost Report	M	Fleet maintenance costs	A/P
National Summaries, Make/Model Cost Report	M	Fleet costs by type of vehicle, by detail categories	Q
Post Office Financial Report	BC2500C1	Revenue, expense, and work hours by craft and capital commitments by line item	A/P
Headquarters Financial Report	BC3600C1	Revenue, expense, work hours, and capital commitments by Budget Authorization (B/A) code (finance number for Headquarters and related field offices)	A/P
Headquarters Travel Report	CD4900P3	Travel expenses paid for individual employee claims	A/P
Federal Information by Exchange System	DMB3210	Expenses by Government Agency by General Services Administration state, county, and city location codes (OMBA-84)	
Analysis of Appropriation and Fund Balances (Partial)	SF2108	Analysis of appropriations and fund accounts	A
Headquarters Payroll Listing	Program 1883	Individual employee earnings record by B/A code, finance number, and pay location	P/P
Outstanding Travel Advance Balance Report	CD390P01	Individual employee current activity and balance concerning travel advances	Q
Consolidated Statement of Accountability Statement of Transactions According to Appropriations, Funds and Receipts Accounts	SF1219 and SF1220	Monthly cash receipts and disbursements reported to Department of the Treasury	M
Sales of Migratory Bird Hunting Stamps by States	M	A reporting to Department of Interior for bird stamp sales	Q
Daily Cash Report	M	Daily report of receipts and disbursements	D
Statement of Transactions	SF224	Receipts and disbursements for Simplified Intra-Governmental Billing and Collection System transactions	M
Unemployment Compensation Summary	M	Unemployment compensation benefits by state	Q
National Consolidated Trial Balance	BV---Series	General ledger; Revenue and Expense Report by first digit B/A; Object Class Report; Resources on Order Report; and Capital Outlay Report	A/P
Annual Summary of Retirement Fund Transactions	SF2807-2	Annual report to Civil Service Commission on withholdings and contributions related to retirees' annuities	A

Section B **Fixed Assets**

Title	Designation	Description	Frequency of issuance
Adjustment Transactions Register	FINATR	Financial adjustments to the data base for newly capitalized building and land cost, partial sales, transfers or retirements, capitalized improvement projects, audit adjustments, and deleted USPS-owned facilities	A/P

Section B—*Continued*

Title	Designation	Description	Frequency of issuance
Missing/Mismatched Project Authorizations (PACS to FMS)	FIN402	Missing/mismatched project authorizations transferred from the Project Authorization Control System (PACS) to the Facilities Management System (FMS)	A/P
Matched Project Authorizations (PACS to FMS)	FIN404	Matched project authorizations transferred from the PACS to the FMS	A/P
PACS-FVS Update Activity Report	FIN411	Journal voucher (JV) entries for capitalization of newly constructed or purchased buildings and land. Also includes building and land improvement costs written off to expense	A/P
Real Property-Subsidiary Ledger	FIN471	Capitalized value of USPS-owned real property to support the plant-in-service general ledger accounts	A/P
Capitalization Tracking Report	FIN491	Capital projects which have been completed or are near completion with expenditures totaling 85% of the authorized amount (close-out action has not been processed)	A/P
Personal Property Activity Proof Listing	FA010P01	Transactions and errors in data originating at the St. Louis Postal Data Center (PDC) and control totals	W
Corrected Personal Property Activity Proof Listing	FA012P01	FA010P01 Report with transaction errors corrected	W
Transfer-In Activity Proof Listing	FA020P01	Transactions and errors in data transferred to the St. Louis PDC from host postal data centers	W
Corrected Transfer-In Activity Proof Listing	FA022P01	FA020P01 Report with transaction errors corrected	W
Finance Number Master Listing	FA030P01	Updated listing of finance numbers	A/P
Listing of Property Code Number Changes	FA040P01	Property code number additions, changes, and deletions	A/P
Property Code Number and Description Listing	FA042P01	Valid property code numbers and description in numerical sequence	A/P
Property Code Number and Description Listing	FA042P03	Valid property code numbers and description in alpha sequence	A/P
Property Code Number Listing	FA042P02	FA042P03 listing data which includes property code numbers in Budget Index Code sequence	Q
Personal Property Activity JV Listing	FA110P01	General ledger accounting entries, including depreciation adjustments	A/P
Summarized A/P Transactions Recap	FA070P01	Summary of accounting period transactions	Q
Inventory Change Listing	FA080P01	Inventory changes for Cost Ascertainment Groupings (CAGs) D-K organizations	A
Check-in Register	FA080P02	Check-in register for inventory change listings sent to CAGs D-K organizations	A
Inventory Change Listing	FA090P02	Inventory changes for CAGs A-C and M-Z organizations	Q

Section B—*Continued*

Title	Designation	Description	Frequency of Issuance
Inventory Change Listing Summary	FA090P03	Inventory changes by general ledger accounts for all CAGs	Q
Check-in Register	FA100P03	Check-in register for change listings sent to CAGs A-C and M-Z organizations	Q
Regional Updated Inventory Listing	FA110P01	List of all personal property charged to postal organizations	Q
Physical Inventory Adjustment Listing	FA910P01	Physical inventory adjustments processed by the St. Louis PDC	Q
Finance Number Changes and Errors Listing	FA120P01	Finance number crosswalk and listing of errors requiring correction	A
Property Validation List	FA140P01	Unmatched CAGs, B/A, and Management Sectional Center (MSC) codes from the main property file	A
Finance Number Validation List	FA140P03	Unmatched CAGs, B/A, and MSC codes from the finance number master file	A
Property Category Summary List	FA140P02	Totals by general ledger account for (1) CAGs A-C and M-Z, (2) CAGs D-K, (3) CAG L, and (4) invalid finance numbers	A
Depreciation Summary Report	FA150P01	Depreciation expense and accumulated depreciation by accounting period	A
Inventory Listing	FA160P02	Inventory listing of property charged to an organization which has advanced to CAGs A-G classification	A
Annual Report of PCNs by Year of Acquisition	FA170P01	Personal property by year of acquisition within Property Code Number and average unit price	A
Selected Property Records Listing	FA920P01	Specifically selected property records from the main property file	A/R
Annual Report for Planning Purposes	FA8150P	Estimated depreciation expense	Q
Personal Property Reconciliation	M	Reconciliation of the value of capitalized personal property recorded in the property records with the general ledger account balances	A/P
VMF Cost Report	EB610P01	Analysis of the operating costs of each Vehicle Maintenance Facility (VMF). Parts, labor, and contractual costs are reported for each account code.	A/P
VMF Cost Report	EB610P03	VMF Cost Report EB610P01 summarized within district	A/P
VMF Cost Report	EB610P01	VMF Cost Report EB610P01 summarized within region	A/P
Location of Assigned Government-Owned Vehicles: Part (1)	EB130P03	Vehicles within each make/model (M/M) category by location	A/P
Numerical Listing of Government-Owned Vehicles and M/M Summary by Region: Part (2)	EB075P06	Vehicles within region in numerical sequence	A/P

Section B—*Continued*

Title	Designation	Description	Frequency of Issuance
Numerical Listing of Government-Owned Vehicles and M/M Summary	EB075P12	Vehicles within district in numerical sequence	A/P
Master Tape	EB09100P	Government-owned vehicles within M/M, region, and district in numerical sequence. Same sort as numerical listing of Government-owned vehicles	S/A
National Vehicle Fleet—Chassis Number within M/M Code*	EB180P01	Summary of national vehicle fleet or chassis number within M/M code	S/A
Intermediate Report	EB640P01	Balancing report for subsequent quarterly M/M Intra-City Report	A/P
MVS Cost Report Reconciliation	EB580P01	Reconciliation of VMF Cost Report with general ledger accounts	A/P
Vehicle Maintenance Payroll and Fringe Benefits	EA460P02	Gross payroll, work hours per time cards, work hours per work orders, leave variance, and average hourly rate by mechanics, garagemen, supervisors, and clerks	A/P
Detail List MV Employees Hours	EA460P02	Individual employee's work hours, sick leave, annual leave, LWOP, and week hours transferred. Summary of net work hours	
Vehicle Utilization by Make/Model	EB500P09	Regional summarization of vehicle utilization data collected on Form 4570	A/P
Vehicle Utilization by Make/Model	EB510P01	District summarization of vehicle utilization data	A/P
Forms 4543-Vehicle Maintenance Work Orders	EA440P01	Works orders issued by each VMF	A/P
Average Daily Hours of Vehicle Operation	EB530P01	In post offices by district sequence, average daily hours of vehicle usage developed from information posted on Form 4570 and regional summary of this information showing actual average hours, annual target hours, year-to-date target hours, and audit page totals	A/P
Disposal Listing	EB075P07	Vehicles sold or otherwise removed from asset files summarized on a national, regional, and district basis	A/P
Location of Assigned Government-Owned Vehicles in Storage	EB130P04	Vehicles available for disposal (M/M Code 83)	A/P
Inventory Status—MVS Parts and Materials	EB950P01	Running balance of gasoline, motor oil, and parts inventories summarized on a national, regional, MSC, and district basis	A/P
Reconciliation of Region-Wide Make/Model and Intra-City Reports with Region-Wide VMF Cost Report	M	Reconciliation of Region-Wide Make/Model and Intra-City Reports with Region-Wide VMF Cost Report	Q
Make/Model and Intra-City Report	EB800P01	Offices within location of the expenses incurred during the quarter for operating supplies, parts and materials, labor, depreciation, overhead, and contract costs	Q

*Prepared by New York PDC.

Section B—*Continued*

Title	Designation	Description	Frequency of issuance
Make/Model and Intra-City Report	EB860P01	District summary of Make/Model Report for each M/M category	Q
Make/Model and Intra-City Report	EB880P01	Regional summary of Make/Model Report for each M/M category	Q
Make/Model and Intra-City Report	EB890P02	District summary of Make/Model Report for each M/M category (year-to-date)	Q
Make/Model and Intra-City Report	EB890P01	Regional summary of Make/Model Report for each M/M category (year-to-date)	Q
MVS Gas and Oil Consumption Report	EB850P02	Comparison of gas and oil usage by finance number with those items computed through the use of factor cards	Q
MVS Gas and Oil Consumption Report	EB880P02	Regional summary (year-to-date) of actual operating supplies usage by office showing average number of vehicles reported on Form 4590	Q
MVS Gas and Oil Consumption Report	EB740P01	Regional summary of actual operating supplies usage by office showing average number of vehicles reported on Form 4590	A/P
Summary of Replacement Vehicles—Part 1, Vehicles Placed in Storage During Fiscal Year. Part 2, Vehicles Disposed of During Fiscal Year	EB160P03	District summary of replacement vehicles, vehicles placed in storage during fiscal year, and vehicles disposed of during fiscal year	Q
Summary of Replacement Vehicles—Part 1, Vehicles Placed in Storage During Fiscal Year. Part 2, Vehicles Disposed of During Fiscal Year	EB160P04	Regional summary of replacement vehicles, vehicles placed in storage during fiscal year, and vehicles disposed of during fiscal year	Q
Make/Model Summary	EB150P02	District summary of M/M code, age, year, model, make of vehicle capacity, asset value, and total number of vehicles	S/A
Make/Model Summary	EB150P05	Regional summary of M/M code, age, year, model, make of vehicle capacity, asset value, and total number of vehicles	S/A
Annual Budgetary Vehicle Listing	EB150P03	Summary of vehicles by capacity code showing beginning balances, acquisitions, disposals, and ending balances	A
Postal Service Vehicles Assignment by States	EB150P06	Total USPS-owned vehicles by state	A
Agency Report of Motor Vehicle Data	M	Comparison of large vehicle fleet with USPS fleet	A

Section C — **Inventories**

Title	Designation	Description	Frequency of issuance
Supplies Receipts	Supps 66	Postal supplies inventory receipts in area supply centers	A/P
Capital Equipment Receipts	Cap EQ 66	Capital equipment inventory receipts in area supply centers	A/P

Section C—*Continued*

Title	Designation	Description	Frequency of issuance
Supplies Subsidiary Ledger	Supps 30	Subsidiary Ledger	A/P
Capital Equipment Subsidiary Ledger	Cap EQ 30	Subsidiary Ledger	A/P
Reconciliation Reports	Supps (71-74)	Reconciliation between the general ledger and subsidiary ledgers of receipts and payments related to inventories	A/P
Repair Parts Financial Recap	Precap-01	Summary of activity within the parts inventory (issues, receipts, etc.)	A/P
Journal Voucher Report	JV 790.3	Subsidiary ledger activity which effects the general ledger	A/P
Repair Parts Subsidiary Ledger	Part 46	Subsidiary Ledger	A/P
Motor Vehicle Parts Subsidiary Ledger	Part 47	Subsidiary Ledger	A/P

ACCOUNTS PAYABLE

Section D

1.—Decentralized Functions

Title	Designation	Description	Frequency of issuance
Travel Cost	CD500	Travel cost payments	A/P
Travel Advance	CD400	Outstanding travel advances	A/P
Quarterly Tort Claims	CD450	Tort claim payments	Q
Incentive Awards	CA090	Incentive award payments	M
Adjudication of Waiver Claims	M	Payments of waiver claims	A
Adjudication of Tort Claims	M	Tort claim payments	A
Supplies and Services Status	CD210	Status of active contracts and purchase orders on file at PDCs	A/P
Budget Index Code	CD020 CD025	All capital equipment commitments incurred by USPS	A/P
Capital Investment Cash Flow	ACE650 ACE690 ACE710	All capital equipment payments	A/P
Accident	KF010 KF015 KF030 KF035	All accidents reported on Form 1769	A/P

2.—Centralized Functions

Title	Designation	Description	Frequency of issuance
FEDSTRIP Management	ACC0800P	Listing of Federal Standard Requisitioning and Issue Procedures (FEDSTRIP) from General Services Administration	A/P
Contract Stations	CG1000P	All rental stations and branches	Q and S/A
Contract Cleaners Annual Rate	CR00503P	Annual rate for contract job cleaners	A/R
Vehicle Hire Accounting Period	CR08009S	Type of vehicle, number of vehicles, and number of hours by contract, by office	A/P
Summary Vehicle Hire	CR08000P	Summary of type of vehicle and number of vehicles by contract, by office	A/P

Section D—*Continued*

Title	Designation	Description	Frequency of Issuance
Average Cost-Vehicle Hire	CR08000P	Type of average cost by district	A/P
Uniform Allowance Fringe Benefit	CF30000P	Allocation of vendor payments by craft, by region	B/W
B/A Sequence Status	CT23000P	Supplies and services payments in B/A sequence of project authorization codes	A/P
P/A Sequence Status	CT23500P	Supplies and services payments in project authorization code sequence	A/P
Obligations for Contract Intra-City Truck by Accounts (53121 and 53123)	CR70000P	Payments for truck services by (1) post office, (2) post office to pier, (3) post office to railroad depots, and (4) post office to airport	Q
Semi-Annual Listing of Highway Contractors	CR7103P1	Listing of highway contractors	S/A
Airmail Origin and Destination Summary—National	UT-21	Origin and destination of airmail	Q
PAL Origin and Destination Summary—National	UT-39	Origin and destination of parcel airlift mail	Q
CAB Report Route III	M	Report to Civil Aeronautics Board of Mail dispatched on Route III	M
Annual Statistical Report	UT-38	Report of all airmail payments	A
Airmail Originated Destination Summary by Regions	UT-22	Listing of originating destination airmail	A/P
PAL Origin and Destination Summary	UT-37	Origin and destination of parcel airlift mail	A/P
Container Mail Origin and Destination Summary by Region	UT-55	Origin and destination of container mail by region	A/P
Airmail Summary—National	UT-19	Listing of all airmail payments	A/P
Batch Balance—Container Mail	UT-53	Documentation for payments of container mail	
Container Calculated Detail Carrier Listing	UT-54	Carrier listing of calculated detail of container mail	
PAL Mail Report (AMF)	UT-28	Parcel airlift mail	
Airmail Pieces and Pounds to Carrier	T-3	Pieces and pounds of airmail submitted to carriers	
Airmail Dispatched to Canada	T-1	All airmail tendered to air carriers for Canada	A/P
Statistical Report Airmail Ton-Miles and Cost Report	T-2	Airmail by ton-mile	A/P
Statistical Report PAL Ton-Miles and Payments	UT-32	Payments and ton-miles of all parcel airlift mail	A/P
Statistical Report FCM Ton-Miles and Payments	UT-33	Payments and ton-miles of first class mail	A/P
Container Statistical Ton-Miles and Cost Report	UT-59	Ton-miles of container mail dispatched	A/P
Bulk Mail Statistical Ton-Miles and Cost Report	UT-66	Ton-miles of all bulk mail tendered to air carriers	A/P
Pounds and Ton-Miles of Originating Airmail	M	Originating airmail in pounds and ton-miles	A/P
Loose Sack Disbursement Recap by Carrier Report	UT-11	Loose sack mail dispatched by air carriers	A/P
PAL Disbursement Recap by Carrier	UT-12	Parcel airlift mail dispatched by air carriers	A/P

Section D—*Continued*

Title	Designation	Description	Frequency of Issuance
Container Disbursement Recap by Carrier	UT-58	Container mail dispatched by air carriers	A/P
PAL Origin and Destination Summary	UT-25	Summary of origin and destination of parcel airlift mail	A/P
Container Mail National Origin and Destination Summary	UT-56	Origin and destination of container mail-national summary	A/P
Alaska Service Northwest and Western	M	Alaska service by Northwest and Western Airlines	A/P
Airport and Airways Tax	M	Airport and airways taxes paid to Internation Revenue Service	A/P
Container Mail	UT-44	Payments for container mail	A/P
Payments to Airlines in the Southern Region	UT-45	Payments to airlines in the Southern Region	A/P
Payments to Airlines in Central Region	UT-52	Payments to airlines in the Central Region	A/P
Station Classification L/S	UT-49	Station classification of loose sack mail	A/P
Station Classification PAL	UT-51	Station classification of parcel airlift mail	A/P
Station Classification Container	UT-57	Station classification of container mail	A/P
Reimbursable PAL	M	Refunds associated with parcel airlift mail	A/P
Terminal Dues—Canada	M	Terminal dues for Canadian mail	A/P
Weekly Air Taxi Report	UT-36	Payments to air taxi carriers	W
Loose Sack Mail Batch Balance—Priority and Letter	UT-26	Listing of documents submitted for payment of loose sack mail	W
Batch Balance PAL	UT-29	Listing of documents submitted for payment of parcel airlift mail	W

INTERNATIONAL SETTLEMENTS

Section E

Title	Designation	Description	Frequency of Issuance
Detail Expense	M	Details of expense accounts for international travel	Q
Terminal and Transportation Charges	M	Terminal and transportation charges	Q
Airmail outbound	HA3305C1	Outbound airmail	A/P
Revolving Fund	HE3319-1	Revolving Fund Accounts outstanding by account	A/P
Steamship Mail Outbound	HC2500C1	Steamship mail outbound by country, by destination	M and A/P
Steamship	HC2100C1	Steamship container mail detail listing	A/P
International Parcel Post Summary	HC3200C1	Loose and container mail—parcel post	Q
Quarterly Comparison	HE3319-4	Comparison report summary	Q
Detail Military Billing List	HA2313C1	Support of reimbursable amounts from Department of Defense	S/A
Balance of Payments	HE3319-2 and HE3319-3	International transactions—balance of payments	A/P

Section E—*Continued*

Title	Designation	Description	Frequency of issuance
Airmail Volume and Mail Pay	M	Foreign airmail volume and mail pay	A
Overseas Expenditures	M	Report of overseas expenditures, by country, reflecting estimated dollar amounts for the two following fiscal years	A
Grants, Loans, Credits, and Contingent Liabilities Involving Foreigners	M	Description of foreign loan or credit accounts receivable—active credits	Q
International Airmail Service	M (53261-53262)	Transportation of mail—empty equipment	Q
Revenue Report	M	Revenue from foreign countries airmail—internal and forwarding	Q
Terminal Dues Report	HA2312C1	Outbound airmail audit listing	M
Terminal Dues Inbound	HB3312C1	Inbound airmail—internal and forwarding	Q
Report of Mail and Empty Equipment	M	Mail and empty equipment carried by exchange office and destination within exchange office	A/P
Detail breakdown of Revenue	M	Detail breakdown of revenue account 41531	Q
Steamship	HC2300C1	Steamship obligation list	A/P
General Ledger	BV300A0P	Year-to-date and accounting period listing of control accounts	A/P
Airmail Inbound	HBL138C1	Airmail inbound detail listing	
Reconciliation	HE3319-5	Reconciliation of international accounts	Q
Delinquency Report	HE3319-6	Delinquency report list	Q
Airmail Inbound	HB3314C1	Airmail inbound statistical data	A

PAYROLL

Section F

Title	Designation	Description	Frequency of issuance
Current Pay Period Information	N/A	Total paid hours, gross pay, total deductions, net pay, leave balances, total work hours, leave without pay (LWOP) hours, and annual and sick leave hours taken	P/P
Central Personnel Data File	N/A	Listing of promotions, separations, and education levels of new employees and employees working at a higher level	P/P
Payroll Dollars Report	N/A	Work, leave, and premium hours and amounts by post office, MSC, district, and region	P/P
Payroll Hours Report	N/A	Work, absence, and paid hours. Includes (1) total work hours broken out by straight time, overtime, holiday, compensatory, and other categories, (2) total absence hours, (3) total paid hours, and (4) total number of hours as a percentage of total work hours	P/P

Section F—*Continued* Title	Designation	Description	Frequency of issuance
Summary of Transferred Hours	AAN091P4	Net effect of transferred hours on labor distribution and hours transferred between post offices and other installations	P/P
Analysis of Premium Hours	AAN091P3	Hours paid at a premium rate for Sunday, out-of-schedule shift, night tour, and Christmas work	P/P
Analysis of Paid Leave	AAN091PS	Paid absence hours by category (e.g, annual leave)	P/P
In-Office Cost and Systems Audit	N/A	Randomly selected employees by name, social security number, designation code, starting time, office name, and finance number for in-office cost data collection study	P/P
Financial Organization Deduction Report	N/A	Employees' deductions forwarded to banks, savings and loan institutions, and credit unions by employee's name, social security number, account number, amount of deduction, and financial organization, including comments for new or changed deduction status	P/P
Register of Separations and Transfers	N/A	Detail retirement deductions for employees leaving USPS employment	P/P
Health Benefit Transmittal and Summary	AA100-110	Lists additions, deletions, and changes (accompanied by supporting Forms SF 2809 and 2810) for health benefit transactions and serves as a transmittal form to insurance carriers	P/P
Bond Stub File	AAN.MN030	Detail information concerning bonds issued to USPS employees, including denomination, serial number, bond ownership data, and date issued	P/P
Travelers Insurance File	N/A	Individual employee deductions (premiums) withheld during the pay period for automobile insurance	P/P
Step Increase Turnaround List	N/A	Employee due step increases and associated summary of LWOP history. Space is provided for performance evaluation and supervisor's signature	A/P
Workers' Compensation—Injury on Duty	N/A	Workers' compensation payments by employee for the accounting period. Used to identify employees in injury-on-duty (IOD) status	A/P
Worker's Compensation—Exception Report	N/A	Employees in an IOD status for three or more accounting period for purposes of identifying employees with 45 days IOD who should be transferred to the Department of Labor's workers' compensation payroll	A/P
Report of Federal Civilian Employment	AAN010	Summary statistics of employment complement and wages for compiling Standard Forms 113-A, B, and F	A/P

Section F—*Continued*

Title	Designation	Description	Frequency of Issuance
60 Day Mandatory Retirement Notice	N/A	Preprinted notice to an employee representing the required 60 days notice of mandatory retirement	M
Monthly Labor and Wage Report	N/A	Employment complement and wage information, including total number of employees and the gross wages for each county within each state by mail and female employees	M
Analysis of Change in Total Annual Salary	AAN131	Total annual salary at the beginning of a quarter, changes during quarter, and total annual salary at end of quarter by B/A number within office number	Q
Unemployment Compensation Report	AAN071	Individuals receiving unemployment compensation	Q
Annual Leave Absence Listing	AAD070	Annual leave advanced; amount of leave balances; and amount of leave forfeited by CAGs A-E and CAGs M-Z facilities	A
Year-End Count of New and Terminated Employees	N/A	New appointments, transfers, resignations, retirements, deaths, and other separation information to enable Headquarters to complete PS Form 349, Annual Report of Employees Subject to Retirement Act	A
Merit Increase—Department Summary	N/A	Summary by department of the number of employees eligible for merit increases. Includes performance ratings and cost impact compared with budget and the fiscal year cost impact of the merit program	A
Step Increase Summary	AAL050	Monetary impact of step increases granted in the prior fiscal year	A
Position Schedule by Salary Level	AAN062	Listings by pay schedules of the number of employees in each step of each level with a total for each level, including total salary for each level and the average salary for each level and average salary for the pay schedule. Summarized by district, region, and total USPS	A
Rural Carrier Roster	N/A	Detail listing of Designation 71 and 72 rural carriers and Designation 73 substitutes by post offices, employee, designation, salary rate (saved and protected rates), date of birth, service computation date, and route number	A
Rural Route Statistics	N/A	Number of rural routes by state and the annual scheduled miles traveled during each calendar year	A
Postal Inspection Service Report of Employees	N/A	Salary payments made to all employees of first and second class post offices selected by Inspection Service Department in first pay period of each year	A

Section F—*Continued* Title	Designation	Description	Frequency of issuance
W-2 Withholding Data	N/A	Summary of W-2 form data for employees working during the tax year	A
Combined Annual Wage Reporting File	N/A	Wages paid to and taxes withheld from employees, including data on gross salary, federal tax, state tax, local taxes, Federal Insurance Contribution Act taxes, etc., for each employee	A
Annual Wages by State of Residence	N/A	Gross wages of all employees broken out by state of residence and summarized to list totals by all states. Includes total number of employees and gross wages for the year by state	A
City and State Tax W-2 File	N/A	Listings of employees' taxes withheld for the tax year by state, by city	A
Minority Summary by Designation	AAN012	Male and female employees by minority code for each rate schedule, level and designation and total handicapped and rehired veterans. Six sub-reports are generated: (1) Employee Roster, (2) New Employees, (3) Separation, (4) Promotions, (5) Higher Level, and (6) Miscellaneous	A/R
Active Employee Reference File	AAN/MN01	One record for each active employee containing essential information for reporting purposes (e.g., salary and deductions)	A/R
Before and After Cost Report	N/A	Total annual salary (and percentage change) by budget account number before and after general pay adjustment. Prepared after each general pay adjustment	A/R
Unemployment Reports*	N/A	Hiring and separation data by individual employee and wages for a four-quarter period	A/R

*Various States.

Appendix II
(2 Pages)

HANDBOOKS AND PUBLICATIONS
OFFICE OF THE CONTROLLER

Handbook or Publication No.	Title	Description	User
104	Postal Source Data System—Supervisor's Handbook	Instructions to supervisors pertaining to operating the Postal Source Data Timekeeping, Labor Distribution, and Mail Volume Recording System	Postal Source Data System (PSDS) designated postal installations
190	Capital Investment Policies and Procedures	Establishes capital investment responsibilities, policies, and procedures for the United States Postal Service (USPS)	Headquarters organizations, regions, districts, management sectional centers, and post offices with more than 949 revenue units
191	Capital Investment Implementation Instructions	Instructions and procedures pertaining to implementation of Publication No. 190	Headquarters organizations, regions, districts, management sectional centers, and post offices with more than 949 revenue units
F-1	Financial Handbook for Post Offices	Basic guidelines and policies pertaining to financial transactions at individual post offices	Postal Data Centers (PDCs), post office accounting officers, Inspection Service Department, and postmasters
F-4	Examination of Postmasters' Accounting Transactions	Instructions related to examination of postmasters' accounting transactions	PDCs and Inspection Service Department
F-8	General Classification of Accounts	Detailed account descriptions and related coding system required for reporting financial transactions	Large post offices, districts, regions, PDCs, and Headquarters organizations
F-16	Accounts Receivable	Functional procedures for all aspects of maintaining accounts receivable	PDCs, regions, and Headquarters organizations
F-19	Accountability of Disbursing Officers	Instructions to disbursing officers for handling accountable paper, personal property, receipts, disbursements, and imprest funds	Disbursing officers and cashiers of imprest funds
F-21	Time and Attendance—Time Card Offices	Procedures concerning recording time and attendance of employees	Postal installations using time cards
F-22	Postal Source Data System Time and Attendance	Instructions pertaining to recording time and attendance of employees via PSDS	PSDS designated postal installations
F-24	Manual Payroll	Payroll procedures for processing employees' pay at PDCs	PDCs
F-26	Property Accounting	Property accounting policies and procedures	St. Louis PDC and selected Headquarters and field personnel

Handbook or Publication No.	Title	Description	User
F-28	Mailbag Accounting and Reporting	Financial handbook describing mailbag depositories and repair centers inventory accounting procedures	Mailbag depositories and repair centers, and New York and Minneapolis PDCs
F-29	General Accounting Procedures	Procedures for maintaining general ledgers at PDCs, including subsidiary reporting requirements	PDCs; regions; and Accounting Division, Finance Department, Headquarters
F-30	Reconciliations	Summary of formats, methods, schedules, and accounts for reconciliation functions	PDCs; Accounting Division, Finance Department, Headquarters; Inspection Service Department; and public accountants
F-31	Standard Costs—Mail Equipment Shops	Mail Equipment Shops standard cost system and inventory accounting procedures	Mail Equipment Shops
F-32	International Accounts	Instructions for handling international accounts	International Accounts Branch, New York PDC
F-33	Accounts Payable	Procedures for processing USPS payments, excluding payroll disbursements and payments authorized to be paid directly by postmasters	Headquarters organizations, regions, and PDCs
F-41	Vehicle Accounting	Policies and procedures concerning accounting for vehicle costs	PDCs and regions
F-43	Property Code Numbers	Listing of valid property code numbers for capitalizing personal property	Property officers, procurement services offices, PDCs, area supply centers, and selected Headquarters and field personnel
M-1	Travel	USPS regulations pertaining to travel, relocation, etc.	Employees who travel frequently and personnel who audit expense accounts

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Appendix III
Input Tapes
PDC Input Tapes for National Motor Vehicle Reports and National Reports to be Processed by New York PDC

Program Number Processed at Each PDC	Report Title	Input Tape Due at New York PDC by	National Program Number to be Run at New York PDC	National Reports Processed at New York PDC Due at Headquarters	National Report Distribution by New York PDC
*EB630	*Regional-VMF Cost Report	10th Work Day following end of each A/P	H-3053	15th Work Day following end of each A/P	3 copies to: Accounting Services Branch, Accounting Division, Finance Department, U.S. Postal Service, Washington, DC 20260. 1 copy—Retained
*EB150	*Regional-Make/Model Summary of Vehicles	10th Work Day following end of A/P 5 and A/P 13	H-7400-1 H-7400-2	15th Work Day following end of A/P 5 and A/P 13	1 copy to: Director, Office of Fleet Management Delivery Services Department, U.S. Postal Service Washington, DC 20260. 1 copy—Retained
*EB020	*Regional-Quarterly Make/Model Cost Report	15th Work Day following end of each Postal Quarter	H-3129 H-3129	20th Work Day following end of each Postal Quarter	3 copies to: Accounting Services Branch, Accounting Division, Finance Department, U.S. Postal Service, Washington, DC 20260 1 copy—Retained
*EB060	*Regional-Year-To-Date Make/Model Cost Report	15th Work Day following end of each Postal Quarter	H-3130 H-3131	20th Work Day following end of each Postal Quarter	3 copies to: Accounting Services Branch, Accounting Division, Finance Department, U.S. Postal Service, Washington, DC 20260 1 copy—Retained
*EB170	*Regional-Summary of Replacement Vehicles	15th Work Day following end of each Postal Quarter	H-3059	20th Work Day following end of each Postal Quarter	1 copy to: Director, Office of Fleet Management, Delivery Services Department, U.S. Postal Service, Washington, DC 20260 1 copy—Retained
*EA030	Numerical Listing and *Make/Model Summary by Region	8th Work Day following end of each A/P	EA-0300C1	10th Work Day following end of each A/P	2 copies to: Director, Office of Fleet Management, Delivery Services Department, U.S. Postal Service, Washington, DC 20260 1 copy—Retained

*Minneapolis and San Bruno PDC will forward these tapes and a copy of the reports to the New York PDC.

* U.S. GOVERNMENT PRINTING OFFICE : 1978 O-261-747/68